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The Nation's Business

Price Subsidy Plan Needs Sane Handling

Parliament is certain to hear bitter discussion in the next few months regarding payment of the import and special subsidies which is an integral part of the price ceiling policy. An initial sum of $15 mllions has been granted for this purpose.

As yet, no official applications for import subsidies have been received but in view of the wide open policy announced by the Prices Board during the first month of the price ceiling (December) a considerable number is expected. In the domestic field at least two important subsidy plans have been announced—one for milk producers and the other for shoe manufacturers.

Temporarily the shoe manufacturers are to receive a 7% subsidy to permit them to absorb the 15% "price squeeze" which resulted from imposition of the ceiling. In addition, importers of leather and hides are promised relief to the extent that prices in other countries exceed base prices here.

It would be difficult to justify a 7% subsidy to shoe manufacturers if the practise were to become permanent even for the war period. However, Ottawa opinion interprets the move as a temporary expedient only to provide relief during the next few months while the industry adjusts itself. The Board's instructions, apparently, are that there must be a complete overhauling of the existing methods of doing business and a drastic reduction in the thousands of styles, colors, and shapes which Ottawa deems largely responsible for high costs.

In theory this seems fair enough. In practice it must inevitably lead to the most far-reaching complications with literally thousands of difficult, individual decisions affecting the livelihood of a great many people. Payment of subsidies, even on a temporary basis, will raise questions of equity which may make the whole price administration a target for attack.

So far, the Prices Board has received the utmost co-operation from all groups. That co-operation will continue so long as the Board retains the confidence of those who are called on to administer its policies and so long as these administrators in turn, carry the judgment of those who are affected by their decisions. The coming debate in Parliament should clear the air.

Certainly the subsidy policy looms as the most contentious and difficult feature of the whole price ceiling plan and if there is too much theory and not enough realism the country will find itself paying, in taxes and debt, a cost greater than any advantages to be gained.

* * * *

A SOLUTION FOR CONSCRIPTION

Prime Minister King's stand on compulsory selective national service has been set forth clearly enough.

He has committed himself to it—so far as Canada itself is concerned. But he will not support conscription for service overseas, without further consultation of the people.

This reservation of Mr. King in connection with one small phase of the problem of full man power mobilization is chiefly responsible for the present unhealthy and disuniting spirit of controversy throughout the Dominion. And the tragedy is that it was all unnecessary. In our opinion, and the opinion of a large proportion of Canadians, Mr. King was given an ample mandate in the last election to push the war effort to the fullest possible need. Obviously events following that election called for extending our effort to the utmost and made some form of selective compulsory service absolutely essential.

But it now seems apparent that Mr. King will not introduce conscription for overseas service without either an election or a national plebiscite. Either would be costly. Either would waste precious time.

A much simpler, cheaper and quicker way would be the calling of a non-party vote of Parliament, on the issue of conscription for overseas service. Prior to the taking of that vote members of the cabinet and the Liberal party could be specifically released from any previous commitments either of their own part or that of their leader. Parliament could then be adjourned for a couple of weeks while members returned to their constituencies to sound out opinion among the electors. On their return the vote would be taken. The whole matter could be settled in a fortnight; a plebiscite may easily take three or four times as long.

Admittedly, such a plan would be a sorry substitute for leadership by the man at the head of Canada's war effort. But the issue would be settled one way or another and settled quickly. If Mr. King is not prepared to give leadership in the matter then he might better adopt some such simple device for getting a decision by public opinion without the time-wasting and costly recourse to a national plebiscite.

* * *

WHAT DO "WEALTH CONSCRIPTERS" MEAN

The Financial Post has never doubted, from the beginning, that the war could be won only by a total effort by the democratic nations fighting the Axis burglars. That has been the basis of our consistent demand for a complete mobilization of all the material, human and spiritual resources of Canada for an effective, all-out war effort.

The Post has, moreover, supported the Finance Minister's policy of levying heavy taxes in order to channel back into the war effort not only the increased national income arising out of war production but whatever additional resources can be marshalled through self-denial on the part of every one.

Having put itself so definitely on the record, from the very first, The Post need not be misunderstood then if it expresses some difficulty in comprehending the present campaign for "conscription of wealth."

What are the "wealth-conscripters" talking about?

It would seem to us that Ottawa has done a reasonably thorough job of conscripting the wealth already. Income taxes have been increased to sacrificial levels. New succession duties have been added by the Dominion to the formerly very heavy provincial levies. Taxes on the income of business have been multiplied several times by the increase in corporation tax and the imposition of the so-called "excess" profits tax.

If this is not effective conscription of wealth, what is it?

Perhaps those who propose conscription of wealth would have the government take over all the factories, farms, homes, furniture, art objects, machinery and other forms of wealth in the country. This would be going a little further than even Karl Marx suggested or Russia ever attempted. It would give us a thoroughgoing slave state but would it help with the war effort?

The factories, farms and machinery cannot be turned into shells and tanks. They can, of course, be used to make shells and tanks and to grow food. But a large part of the productive facilities of this country is already devoted to war. If there is any capacity being wastefully used the government has full power to divert it to war.

Or perhaps the wealth-conscripters are thinking of the money in bonds, shares, savings bank accounts and insurance policy reserves.

Such things are merely the paper expression of the tangible wealth behind them: the factories, the buildings, the public highways and canals, the homes, the farms and the machinery. So taking over bonds, shares, bank accounts and insurance policies amounts to the same thing as taking over everything tangible in the country.

Clarity in public thinking would be expedited if those who are tossing out political catch-phrases about "conscripting the wealth" would indicate more clearly just what they have in mind.

New Taxes on Way Are Major Concern

How Much Pay-as-we-go Ottawa Plans Will Determine How Much We Have to Pay During the Coming Fiscal Year

By STAFF WRITER

OTTAWA.—Still in the "if-and-but" stage, discussions on possible and probable new taxes for the 1942-43 fiscal year is thriving. Biggest "if" is the degree to which Canada will pay for its war expenditures from current revenue.

If Ottawa tries to pay for 50% of the estimated $3.5 billions budget out of current earnings, it would require approximately $300 millions more in tax revenue.

It seems clear that there are many things which cannot readily be taxed more heavily, on account of the price ceiling. Perhaps some way may eventually be devised to increase the sales tax without upsetting the entire price ceiling cart. At the moment that avenue seems closed. On the other hand, there are certain items which might be termed luxury or non-essentials of life which could be taxed and the tax paid directly by the consumer without disrupting the price ceiling.

Movie admissions and theatre tickets might be in this category. So might gasoline—and a higher federal gasoline tax to offset losses in volume is theoretically quite possible.

Some upward revision in income tax rates at various brackets looks like a reasonably good guess, as does some increase in the national defense tax.

There are those in Ottawa who would like to see a substantial jump in the defense tax but public policy and the possibility of hardship to those whose incomes are not increased through war (discussed at length by Mr. Ilsley on Nov. 6, 1941, in the House of Commons) indicate that this question will be handled with considerable circumspection.

There will almost certainly be an overhauling in corporation tax legislation to take advantage of the new streamlined federal-provincial tax agreements. These are expected to clear away scores of petty "nuisance" levies. Wherever necessary, taxes will be raised to make sure that no corporation or group of companies gets off more lightly by reason of the new deal.

The importance of these agreements in the whole war effort cannot be overestimated. They clear the way for an efficiency in and application of income and corporation taxation not previously possible.

Federal Aircraft Will Carry On

Has Recently Been Awarded Extensive New Contracts

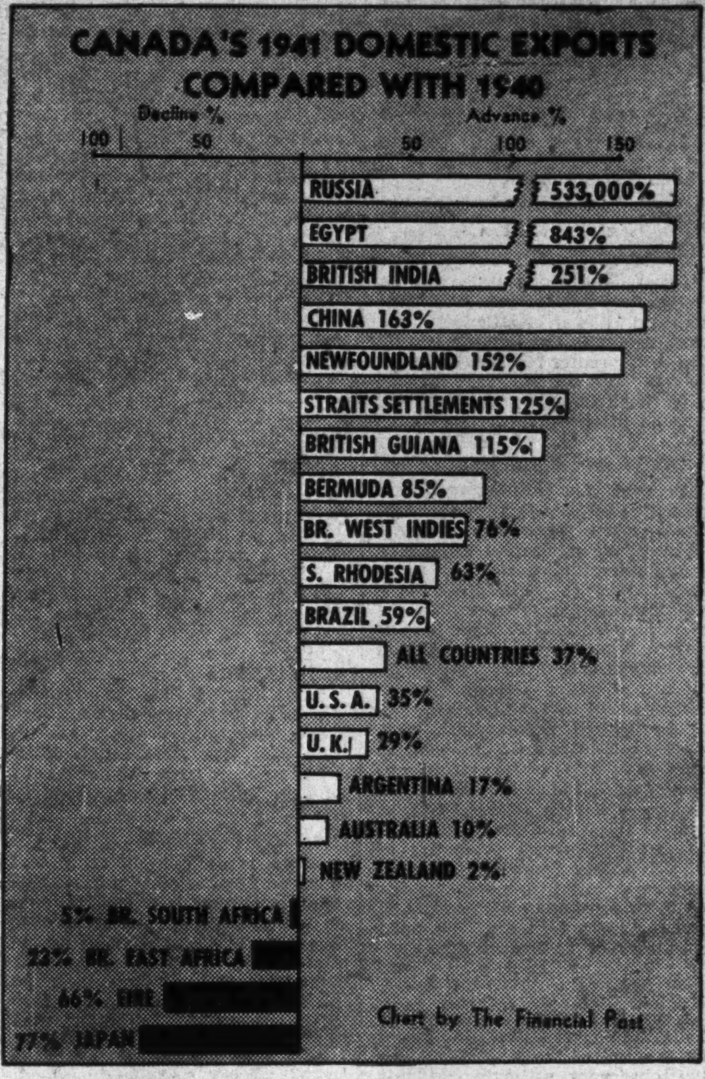
By STAFF WRITER

OTTAWA.—There are no plans for winding up Federal Aircraft Limited, The Financial Post is informed. In fact the company has recently been given additional orders, and it is still working on its order for 1,400 Canadian Ansons.

Last week's article in The Financial Post in respect to the possible early winding up of the company arose through a misinterpretation of the remarks made by Ralph P. Bell, director general of aircraft production, in reference to operations of Federal Aircraft and Canadian Associated Aircraft Ltd. Mr. Bell intimated that the facilities of both these plants would, on completion of present orders, be absorbed by the industry in the production of other types of machine.

Mr. Bell indicated that in the case of Canadian Associated, its present programme would be completed in the early spring of 1942. A subsequent Canadian Press despatch stated that this company would be wound up at the conclusion of its present contract. A Montreal Gazette article states that Associated's Montreal plant at St. Hubert would be turned over to Canadian Vickers to make Catalinas, while another source states that the Malton plant would be taken over for manufacture of another type of plane.

But The Financial Post was authoritively informed this week that the directors of Canadian Associated have not yet discussed the "winding up" of their company.



Our latest enemy and most successful ally are at opposite ends of this chart showing the trend of Canada's exports in 1941 compared with 1940. Shipments to Russia last year jumped from a bare $1,000 to over $5 millions. Japanese trade at $1.5 millions was less than one-quarter the 1940 figure and was eliminated entirely in December.

Price Ceiling Peril In Subsidy Costs

Stabilization Corporation Gets $15 Millions to Make Start on Probably Gigantic Enterprise —No Estimate of Total Eventual Cost

By KENNETH R. WILSON

OTTAWA.—Armed with $15 millions of public funds, Commodity Prices Stabilization Corporation will start shortly its huge and hazardous task of paying subsidies "which may be approved from time to time under policies formulated by the Wartime Prices and Trade Board for the purpose of ensuring supplies, particularly of imported commodities, at prices under the retail ceiling."

First groups to receive subsidies will probably be the shoe industry and milk producers. In the case of shoes, any increases in the price of imported hides will be subsidized. In addition, the Corporation has been instructed to pay shoe manufacturers a temporary subsidy of 7% of the selling price of their shoes pending investigation and elimination of excessive costs.

Milk subsidies have been ordered for producers of milk sold to manufacturers of concentrated milk products and in certain areas to producers of milk sold for fluid milk distribution.

Plenty of Applications

Apart from these specific orders from the Prices Board, the Stabilization Corporation stands prepared for a veritable flood of applications for subsidy in respect of December imports. Normally there are 120,000 individual customs entries in each month.

As at Jan. 1, 1941, a new set of rules and exemptions for treatment of imported goods was issued by the Prices Board. This narrowed earlier regulations. In addition to previous exemptions it listed 37 major import categories on which no subsidy can be paid after December, 1941.

Just how much is left to be subsidized and what such subsidy payments will amount to, is still an enigma to those most closely connected with this programme.

There has apparently been no official appraisal of the probable cost of this policy. As yet there has been no experience on which to base an estimate and, for the future, much will depend on an as yet quite unknown factor, namely the probable gap between prices in Canada and the United States and in other countries.

Certain points seem, however, to stand out:

1. That the volume and value of goods eligible for subsidy will decline sharply after December imports are looked after. There will probably be a continuous narrowing down of the eligible list.

2. No matter how big or small the actual amount of the subsidy bill, it will prove the most difficult, the most contentious and the most politically vulnerable part of the entire price ceiling.

Take, for example, grapefruit juice, for which the annual subsidy cost is estimated to amount to $250,000. The payment of such an amount out of public funds while domestic producers of alternate products (tomato juice, etc.) are possibly absorbing a squeeze to stay within their domestic price ceiling, is sure to raise ructions in many parts of Canada. Within the next few weeks there will doubtless be cases involving payment of millions of dollars of public funds without apparent justification, except to maintain a rigid overall price ceiling.

Shoe Subsidy Temporary

However, subsidies such as are now to be paid for example to shoe manufacturers are definitely temporary in character. This particular industry has, it is understood, been warned that it has at best only a few months in which to clean house. It must ruthlessly eliminate shapes, sizes, colors and varieties of merchandise which now pyramid costs to a fantastic degree. As this is done it is confidently expected that the need for this particular subsidy (7%) will shortly disappear.

It is said that there are something like 150,000 different styles, widths, sizes, colors, etc., in a "complete" line of shoes. The payment of a subsidy may be definitely regarded as merely a stop-gap so that business may carry on during the period of self-rationalization.

It is expected wholly owned corporations, subsidiary to the parent company, will be formed eventually to handle the import of specific commodities such as cotton, hides, coal, etc.

So far, no individual claims for subsidy have been received by the Board although some notices of application have been given.

Blacklisting of Wenner-Gren Recalls Exposé by The Post

By STAFF WRITER

Notwithstanding the strict official cloak of secrecy, it is taken for granted in Ottawa that the next wartime blacklist (List of Specified Persons) will contain the name of Axel Wenner-Gren.

Unless there are very special considerations to the Contrary, Canada's usual practice in matters of this kind is to maintain uniformity with Britain and the United States.

Those placed on the blacklist become automatically enemies of the state. Their property is seized and no business transactions are permitted. Wenner-Gren is reported to have had assets in Canada at one time but to have withdrawn them a considerable time ago.

Names added to the list are published in a special edition of the Canada Gazette. There have been 21 such listings since the original list was published Feb. 8, 1940. A new "consolidation" is expected shortly.

The last published list appeared Dec. 6. If Wenner-Gren's name does not appear in the next list, it might be because of insufficient time to make the addition. It is presumed that this particular name is not considered important enough (so far as Canada is concerned) to warrant a special issue of Gazette.

The United States State Department has decided that Axel L. Wenner-Gren, Swedish "mystery" capitalist, and donor of a research grant to the University of Toronto, is "acting for the benefit" of Axis Powers. Accordingly his name has been placed on the blacklist of the U. S. State Department.

When the gift of a $10,000 research grant, renewable for four additional years, was announced, The Financial Post carried an article in which it was revealed that Wenner-Gren was a so-called "intimate friend" of Marshal Goering, Nazi leader; was believed to be a key figure in negotiations which ended the Russo-Finnish war, reportedly at the instance of Goering; was an arms manufacturer whose sumptuous yacht happened to be near the liner "Athenia" when it was torpedoed, and rescued a number of survivors; and was the man whose yacht cruised Canada's Pacific defense areas in the summer of 1940, where it was temporarily relieved by Canadian officials of rifles and machine guns.

The repercussions from this article were prompt and widespread. Mr. Wenner-Gren himself replied that he was unruffled by "attacks that can have no foundation in fact," but did not deny any of the details published. He added, however, that "these were difficult times, when men lived with suspicion perched on their doorstep."

Revelations Ridiculed

The material contained in The Post article was discounted by University of Toronto officials. At the official presentation of the research grant, Dr. H. J. Cody, president of the University of Toronto, ridiculed any suggestion that the gift was linked with war research being carried out by the university, and said it "would take marvellous eyes" to see "anything sinister or mysterious" in the matter. The grant is earmarked for research work in the realm of geophysics.

Dr. Cody paid warm tribute to the Swedish financier at the time the gift was accepted. "This distinguished Swede," Dr. Cody said, "had, as a result of his ability and intensive work built up large and successful business undertakings both in his native country and on this continent. A few years ago he retired from active participation in these, and decided to devote his time to more leisurely pursuits and to the promotion of scientific and philanthropic undertakings."

Dr. Cody was quoted at the time as saying there was "nothing sinister or mysterious about this man. He reached his present position of wealth as a result of brains and energy."

In an interview with Wenner-Gren published a few days later, The Toronto Star said: "Wenner-Gren's sister, Karen, was the first wife of Germany's field marshal, Hermann Goering, and he has made his millions by inheritance from his rich father, who was a count, from making and selling vacuum cleaners, refrigerators, anti-aircraft guns and pulpwood."

The man in question is a personal friend of the Duke and Duchess of Windsor, and they have been his guests on the Wenner-Gren yacht. The United States press has for years referred to Wenner-Gren as "Goering's pal."

In December of last year The Financial Post noted that Wenner-Gren was reported to have been one of the figures behind the plan to

(Continued on page 2, col. 7)

To Ask for "Free Hand" But Not "Conscription"

By STAFF WRITER

OTTAWA.—A national plebiscite to take place immediately is to be announced by the government, in the Throne Speech on Thursday which will also give details of new financial arrangements between Canada and Britain.

The plebiscite will seek for the government a release from any restriction whatsoever in the conduct of the war. It would take about six weeks to complete.

There will be no attempt to seek an opinion on the matter of conscription for overseas service. Nor is there any immediate likelihood of conscription being adopted by the government in the near future.

The government will ask (and will have the unanimous support of the cabinet in so asking) that it be given an absolutely free hand in administering the war effort. With this assurance (which it most confidently expects to receive) it will continue along the lines of a voluntary service effort as long as possible.

So far as can be learned there has been no final decision reached as yet by the cabinet in respect either of man power mobilization or of national selective service. A small committee of the cabinet has been studying the question.

First step likely is mobilization of technical, scientific and professional workers along lines forecast in The Financial Post Nov. 22. Regulations have now been drafted which would channel both supply and placement of all technical workers through the Wartime Bureau of Technical Personnel. This organization has completed and is maintaining a complete up-to-date catalogue of Canada's technical man power.

Since the machinery is already available in this area, and since a most urgent need now exists for technical personnel, this seems a logical place to commence mobilization of man power.

What is contemplated is regulations which would require the release of any technical or professional worker if his services are required for the war effort or for work with the armed services. The compulsion will be exerted on employers rather than employees. It is possible that this plan may serve as a pattern for the larger problem of mobilizing man power along the entire war front.

Machinery for handling the plebiscite would be similar to that of a general election. It is reported that everything is now in readiness for immediate action. Curiously, the complete list of electoral officers was published in the last edition of the Canada Gazette. This is an annual statutory requirement.

What Must We Pay Next Year?

Forthcoming Budget Seven Times Average Pre-war

By STAFF WRITER

Within the past few weeks Canada's war effort costs have topped the $3 billions mark.

In the past four months, war requirements (including a proportionate estimate for unpaid and accumulated sterling balances) have cost approximately $750 millions. This represents a spending rate of $2¼ billions annually.

A national budget of not less than $3.5 billions seems indicated for 1942-43.

This would be about 25% larger than the estimates for the current fiscal year. It would be seven times greater than average annual expenditure in the decade prior to the war. On the basis of proportionate national income a comparable figure in the U. S. would be $52.5 billions.

To date, only preliminary work has been done on the budget. Vital areas of expenditures (military costs for example) are still in embryo. But certain facts are obvious:

1. The cost of the three services (which comprises the bulk of Canada's direct war expenditure) will be very substantially higher. The 1941-42 estimate is now placed at $1,450 millions.

2. There will probably be a proportionate increase in the amount of aid to Britain, now financed by Canada (to the extent of $900 millions annually) through accumulation of sterling balances.

3. Interest on public debt will be higher—possibly by $25 to $30 millions.

4. There will be heavy subsidy payments to industry and importers to maintain the price ceiling. The initial appropriation to Commodity Prices Stabilization Corp. is $15 millions, but present indications suggest this is just a drop in the bucket.

5. Subsidies to agriculture to maintain adequate supplies and compensate for abnormally low prices in some products will be substantially higher. (An estimate of $100 millions as the anticipated cost has been given by Hon. James G. Gardiner.)

How Will It Be Met?

How will Canada meet this unprecedented budget requirement?

In April of last year, Hon. J. L. Ilsley forecast that the new scale of taxes introduced at that time would, if operative for a full fiscal year, yield additional revenue of $300 millions. Because of the substantially higher level of national income which should prevail in 1942-43, the yield from these same taxes should be considerably higher.

Against this is the fact that operation of the price ceiling and other restrictive controls such as rationing of gasoline, curtailment of automobile and luxury production will materially reduce the amount of revenue which might otherwise be obtained. One estimate heard at Ottawa is that as much as $40 to $50 millions may be dropped in this way.

For example, under the new federal-provincial tax agreements, Ottawa is obliged to maintain provincial gasoline tax revenues at $56.7 millions. Rationing of tires and gasoline, plus elimination of new cars, may cost the federal government as much as $20 to $25 millions on this one item. In addition, excise taxes on new cars and tires which last year totalled about $11 millions, may, in 1942-43, be cut as low as $2 to $3 millions.

Price Control Pares Revenue

Operation of the price ceiling with its paring of profit margins and its enforced write-down of inventory (a deductible charge for tax purposes) will also have an effect on the amount the government will be able to collect under E. P. T. legislation. No one has attempted to estimate this amount.

Most important bullish factor is the steady upswing in the national income. So long as the government pours out increasing sums on war material and equipment, even present tax policies should produce an increasing overall revenue. Some of this revenue is illusory, since the government continues to collect taxes, import duties, etc., on all war goods manufactured for Canadian account. This is largely "phony" revenue. The chief purpose served by this type of accounting is said to be to provide a more accurate estimate of the total cost of the war.

If this practice is eliminated (as

(Continued on page 2, col 1)

Canada-U. S. Tax Deal Now Near

From Our Own Correspondent

OTTAWA. — Announcement is expected every shortly of a final settlement of the controversial withholding tax question.

It is expected Canada and the United States will reach mutual agreement on a 15% tax rate.

It is expected also that Canadian security holders who have been forced to pay the higher 27½% rate will be deemed eligible for a refund. The refund would be the difference between the new 15% rate and the higher rate which they have been forced to pay pending settlement of the controversy.

Rumor of 90 Cent Wheat Persisting in Grain Circles

From Our Own Correspondent

WINNIPEG.—Although the government is understood to have under study at the present time its wheat policy for the coming crop year, and recommendations of the Canadian Wheat Board and its advisory committee are only being presented this week, reports are in circulation to the effect that the Wheat Board initial price is to be raised from a basis of 70 to 90 cents a bushel for No. 1 Northern in store at head of the Lakes or Vancouver. These reports appear to be based on the calculation that if wheat deliveries should again be restricted to a total of 230 million bushels for the crop year, an increase of 20 cents a bushel in the basic price would cost the government only about the same amount as acreage bonuses paid during the current crop year.

Wheat deliveries in the West have now reached 154 million bushels since August 1, as against 296 millions for corresponding period last year. Deliveries during the past week amounted to only 2.1 million bushels. Estimates of the quantity yet to be delivered vary widely, because of uncertainty as to farmers' intention with respect to low-grade wheat. A good deal of such wheat is known to have been fed and the assumption is that much of that still remaining on farms is intended for feeding.

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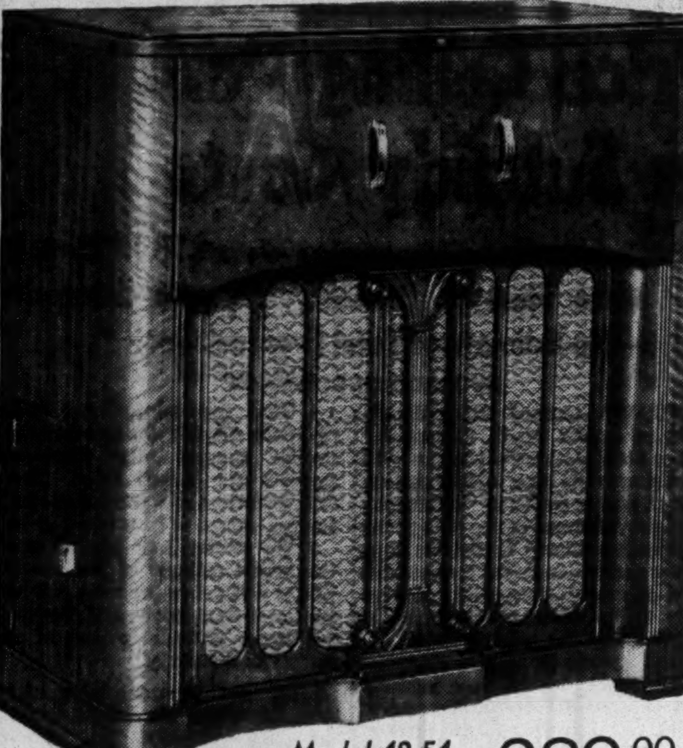
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The War And Business

Real World War

At least 90% of the total world population is now involved in the war. The four chief belligerents opposing the Axis powers have a combined population of roughly 1,270 millions, as against 225 millions for Germany, Japan and Italy. Even if the whole of continental Europe is lined up with the Axis groups, the total opposed to us would be about 400 millions. Chief groups with populations are as follows:

Allies	
The British Empire	500,000,000
The Chinese Republic	450,000,000
Union of Soviet Republics	180,000,000
United States of America	140,000,000
Total	1,270,000,000
Axis	
Japan	100,000,000
Germany	80,000,000
Italy	45,000,000
Total	225,000,000

Gross figures, of course, may be misleading in measuring relative fighting power. Offsetting the smaller populations of the enemy are their greater reserves of trained men, and the fact that for the most part they are fighting the war on interior lines.

* * *

Hemisphere Wealth

Probably few people have much real idea of how large a share of the world's goods the Western Hemisphere can produce but this is becoming a matter of increasing importance as talk of a programme of hemisphere-self-sufficiency grows louder. Some idea of how nearly possible this might be is gleaned from a recent summary from the Office for Emergency Management, Washington:

"The United States itself produces one-third of the world's iron ore, 40% of the iron and steel, two-thirds of the oil, 40% of the copper, 29% of the zinc and 24% of the lead. Canada is one of the world's largest producers of nickel and a large producer of copper and other minerals." Added to this are the enormous, if in some cases not highly developed resources of Latin-America.

* * *

U. S. Armies

Close to four million men will be in the American fighting forces by the end of the year, Washington observers estimate. Of this number the Army alone will have 3.6 millions. It is anticipated that at least a million of these men will be on active service and fighting before the end of 1942, with the remainder nearing the end of their training.

* * *

Timber From Russia

Largely overlooked in the world news has been the restoration of commercial trade between Russia and Great Britain. As a normal trade competitor of Russia, Canada will be interested. Ships taking munitions and other supplies from the United Kingdom to the U.S.S.R. have been returning with cargoes of timber.

Details of the movement, have not been published, but it is believed by Canadian trade commissioners in Great Britain, that it is substantial. All of this lumber is coming from the northern ports of Russia and whether it will continue to come all through the remainder of the winter is uncertain.

* * *

Feeding Liberated Europe

Plans are already being made to step in and feed the liberated populations of Europe when the Nazi invaders "begin their inevitable retreat." Most of the occupied countries have long been reduced to a starvation level and it is expected that before they pull out the Germans will take away or destroy any meagre stocks of food on hand. This being the case, then fresh supplies will have to be rushed in on an hour's notice, hence the careful and detailed plans now being prepared in Great Britain in co-operation with the United States and the Dominions.

It is expected that there will be a big rush of food shipments immediately after the German withdrawal and then more or less steady feeding for two years. That much time is expected to be needed before the full food producing capacity of Europe can be restored. It took almost two years after the first Great War and then a large part of the continent, including such important food producers as Denmark and Holland, were left free of invasion.

The United States, Canada, Australia and New Zealand are expected to play a major part in this post war rehabilitation because of their large accumulations of wheat, meat and dairy products.

* * *

Western Farming Changes

More rapidly than competent observers expected, western Canada agriculture is adjusting itself to war conditions. Wheat acreage has been adjusted sharply downward from a peak reached in the first year of the war, and in its place has been greater production of coarse grains and other feed for livestock.

The net result has been no sharp gain in Canada's already heavy surplus of wheat and a steady increase in dairy and meat products for which the war has created almost an unlimited demand.

Typical of the West has been Saskatchewan's experience with butter production. In 1941 total reached the all time record of over 37 million pounds or a gain of over 30% over 1940, which was also a record year.

* * *

The War

Serious as is the situation for the Allies in the Far East, and despite initial blunders, sober Washington observers are now coming to the conclusion that it might have been worse. By prolonging negotiations with the Japs, Cordell Hull, it is asserted, gave the British and American authorities valuable time.

Had the enemy attacked, as he might have, a few months sooner, he would have found most of the American naval strength concentrated in the Atlantic, and Singapore stripped of planes, men and boats. In that case, it is conceivable, so says Washington opinion, that both Pearl Harbor and Singapore might have been overrun and taken in the first rush.

Now the situation is admitted to be serious enough, but hope is held that Allied reinforcements will soon be able to check further Jap advances. The long term view remains bright. In this connection it is claimed that the United States will build at least 40,000 combat planes alone this year, a record that the Axis powers combined cannot even approach.

* * *

Grain For Alcohol

Grain supplies on this continent are to be heavily drawn upon for manufacture of alcohol during the current year. Not only has the demand for industrial alcohol been enormously increased for munition manufacture, but the supply of molasses which formerly provided a principal raw material, has been seriously restricted.

In the United States corn will probably be the grain principally used for this purpose, while extensive use of rye in Canada is expected. The Commodity Credit Corporation of the United States is reported to anticipate the sale of 60 million bushels of government owned corn for conversion into alcohol.

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MINES AND OILS

Bayonne Cons.	15	O'Brien	10
Bralorne	14	Powell Rouyn	14
Cascades Mica	15	Preston	15
Clonmel Pete.	4	Proprietary	15
Cons. Smelters	15	Quebec Manitou	14
Dome	14	Reno	15
Franco Oils	14	Senator-Rouyn	15
Francoeur	14	Silbak-Premier	2
Jason	14	Sladen Malartic	15
Macassa	14	Stadacona	14
Moneta	15	Vermilion Cons.	14
Nabco	14	Zeballos West.	2
Nat'l. Malartic	14		

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Company Reports

Canada Bud

Canada Bud Breweries Ltd. had net profit of $71,552 or 47.7 cents a share in the year ended Oct. 31, 1941, as compared with net of $69,681 or 46 cents a share the previous fiscal year. Dividends at the annual rate of 40 cents a share are being paid.

Duncan McLaren, president, states that due to expansion of export trade, the stock of beer and ale has increased materially. The $51,775 increase in accounts receivable is represented by export drafts, etc., outstanding, which have since been paid. In the same connection, the increase of $58,559 in accounts payable and accrued charges is also caused by the export business.

Balance sheet as at Oct. 31, 1941, shows cash holdings halved to $81,812 but bond holdings up to $370,153 from $200,282.

Income and Surplus Account
Years Ended Oct. 31

	1941 $	1940 $
Net oper. profit	188,306	185,886
Add: Invest. inc.	8,610	6,927
Prof. sale invests.	1,500	......
Misc. income	4,854	3,033
Net earnings	203,270	195,846
Less: Exec. salaries	11,552	11,524
Directors' fees	4,500	4,500
President's salary	4,500	4,500
Legal fees	......	763
Depreciation	59,159	58,369
Taxes	51,000	40,450
Adj. for subsid. loss	......	6,058
Subsid. exps. prior winding up	1,007	......
Net profit	71,552	69,682
Less: Dividends	60,000	60,000
Surplus for year	11,552	9,682
Add: Prev. surplus	432,750	433,968
Less: Tax adjust.	......	10,900
Surplus forward	444,302	432,750

Working Capital

	1941 $	1940 $
Current assets	847,848	700,915
Current liabilities	700,915	105,072
Working capital	683,933	595,843

Cub Aircraft

Restrictions on civil flying have forced a change of policy for Cub Aircraft Corp. and during the past year the company endeavored to build up its overhaul and repair business. These efforts are now beginning to show promising results, says M. A. Seymour, president, in the annual report. The company is now also engaging in the production of aircraft component parts on initial educational orders in its Hamilton, Ont., plant.

During the fiscal year ended Oct. 31, 1941, Cub had a profit of $337 as compared with a loss of $20,397 in the previous fiscal year.

Income and Deficit Account
Years Ended Oct. 31

	1941 $	1940 $
Operating profit	‡799	*20,397
Less: Taxes	462	......
Net profit	337	*20,397
Add. Prev. surplus	*23,002	726
Profit on bonds	462	216
Less: Exps. for mfg. contract	5,069	......
Org. exps. & listing	821	......
Prior yr. taxes	......	66
Prior yr. charges	......	3,352
Prem. red. of pfd.	......	129
Deficit forward	28,326	23,002

‡After $3,645 depreciation.
*Loss or deficit.

Working Capital

	1941 $	1940 $
Current assets	98,619	104,100
Current liabilities	20,970	28,260
Working capital	77,649	75,840

Bond Redemptions

Bond issues:	Rate	Year	Due	Price
T. Eaton Rlty.	*4%	1951	Jan. 29	100
Dom. Tel. Secs.	†5½%	1978	Feb. 2	par

*250,000. Bonds drawn may be surrendered prior to Jan. 23, 1942, and receive principal amount plus interest to date of surrender. †$4,800.

HOLD HIGH THE TORCH OF FREEDOM
Living Historic Times With Canada
For 124 dramatic, dynamic, historic years the Bank has lived, worked and watched with Canada.
Founded two years after the Battle of Waterloo, the Bank witnessed the Crimean War, the Indian Mutiny, enlisted for the duration of the South African War and World War I, and now marches with the Dominion and the Empire in World War II.
Always, Canada has come through stronger, better, triumphant. May she so come through the present fiery trial. To this end we work and dedicate the institution's services.
BANK OF MONTREAL
"A Bank Where Small Accounts Are Welcome"
Modern, Experienced Banking Service...the Outcome of 124 Years' Successful Operation
A166

Wenner Gren Blacklisting Recalls Post's Exposé

(Continued from page 1)

construct a pulp and paper mill in Mexico.

Blacklisting of Wenner-Gren by the United States State Department means, among other things, that the fabulously wealthy Swedish financier's assets in that country will be frozen. His name appeared along with about 1,800 others and was in the section headed Peru and Mexico, in both of which countries he has assets.

The list comprises those persons the State Department deems "to be acting for the benefit" of Axis powers or citizens, and persons to whom the export of various goods is considered detrimental to the defense of United States. The order means there can be no trading with firms of men contained on the list, all of whom are suspected of being under the control of, or sympathetic to Germany, Italy or Japan, and being used by the Axis to break the allied blockade of Europe and build up foreign credits.

In Mexico City Wenner-Gren told the New York Times that the blacklisting was "a serious error," and that he "felt confident that a public and impartial examination of evidence whereon the State Department bases my case will quickly eliminate the error."

He claimed he did not sympathize with the Axis and that he had always been a friend of the governments of United States and England, as well as the people of those countries.

"In the name of justice, I request the State Department to make public the reasons for its decision, or to clear my name of this cruel and groundless accusation," he said.

Zeballos, west coast mining camp, now boasts a population of 300 at the townsite plus an additional 800 people at the mines. Yearly payroll of miners is estimated at $600,000. A total of approximately $74,500 in taxes is paid the Provincial Government each year.

Silbak Premier Mines showed an increase in bullion recovery and a higher operating profit in December:

1941:	Tons milled	Bullion recov. $	Oper. profit* $
December	13,300	123,593	50,348
November	13,115	114,801	43,585

*Estimated.

UNION GAS COMPANY
Information on request.
F. H. DEACON & CO.
Members Toronto Stock Exchange
Business Established 1897
197 BAY STREET PHONE ELGIN 3401

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Municipal—	Date Issued	Sold to	Rate	Due	Amount	Price	Yield
Grand 'Mere Sch. Comm., P.Q.	Jan.	Royal Bank	4%	1942-51	$11,000	100.60	.....
Dominion—							
Canada Treasury Bills	Jan.	....	....	Apr. 17, '42	45,000,000	99.863	.548%

OFFERINGS OF CORPORATIONS AND FOREIGN SECURITIES

Bond Issues—	Date Issued	Offered by	Rate	Due	Amount	Price	Yield
Orange Crush	Jan.	Sold privately	5%	1942-46	$100,000	.....	.....

The Forthcoming Budget

(Continued from page 1)

indeed it might be if the tariff barrier on war supply between Canada and the U. S. is wiped out) the entire budget might be scaled down accordingly.

The next important consideration is to appraise the extent to which taxpayers will be asked to bear the cost of the 1942-43 budget.

In the first full year of war (fiscal year 1940-41) revenues totalled 67% of expenditures. In short, we came within one third of paying our way —even after including our accumulated sterling balances.

In 1941-42, on the same basis, revenues are estimated to cover only 53% of expenditure.

Even at that, Canada has a considerable edge compared with other countries. Figures published recently of the U. S. budget position indicate that only 38% of budgetary costs were being met out of revenue for 1941-42. In the corresponding fiscal year the U. K. (after allowances for overseas credits) was charging only 44% of its budget to current account. For next year the U. S. estimate is currently very much lower—about 28%.

Taking present possibilities into consideration, Canada might conceivably finance a $3.5 billions budget in 1942-43, merely by continuing present taxes—IF—it were decided to pay for not more than 40% of budget expenditure out of current income.

This would leave $2.1 billions to be raised either by Victory Loan subscription, war savings certificates or by sterling credits, etc. Such an amount would be nearly $800 millions more than the corresponding total in the current fiscal year.

If Ottawa attempted to raise 50% of a $3.5 billions budget out of current revenue, it would require the addition of possibly $300 millions more in tax revenue. Probable and possible new taxes are discussed elsewhere.

Claims Bond Price Foundation is Firm

Holding 3% Rate on Dominion Bonds Presents No Particular Difficulty

A group of highly trained Toronto men, all concerned with economic and financial questions, each year calls upon a member to forecast what the coming year may have in store for stocks, another for bonds and another for commodities.

While these forecasts are made privately and must remain anonymous the three statements have been made available to The Financial Post. This week, the forecast of bond market action in 1942 is published in summary form. The final forecast—on commodity prices—will follow in a later issue.

Canada will be able to maintain the present 3% rate of interest on Dominion bonds without difficulty over the coming year and perhaps longer.

This is argued from the fact that while the Bank of Canada has carried on open market purchases of securities to a certain extent, such operations can be considerably expanded if necessary. Our financial managers have exercised their control with great skill and have interfered with normal operations of our monetary system to a very minor extent. It is admitted that many influences, both external and internal, have combined to render the fulfilment of the 3% goal for money management a comparatively easy task but at no time has real pressure been exerted on the investment market.

Security sales and purchases by the Bank of Canada are directed in the main toward creating an orderly and stable market. Not more than a fraction of the potential power possessed by the bank has been, as yet, employed.

The technique of modern central banking, together with the new conception of the international gold standard and its restricted influence on domestic and financial policy, have combined to end the old-fashioned movement of money rates. The reality of a controlled financial economy must be recognized, bringing the inescapable conclusion that government bond prices will remain during 1942 around prevailing levels.

Corporations Follow Lead

Regarding corporation bonds, it is clear that if government bonds maintain their position, the better grade industrial and utility issues will also hold their own. Some may show further advances due to increased operating profits of most industrial groups. Sinking fund purchases by corporations will tend to increase the demand for such issues and, as the floating supply is already extremely small, higher prices are limited only by the redemption price of each issue in question.

For more speculative bond issues, the chances are they should continue to reflect the improved financial position of the majority of industrial concerns. Priorities, scarcity of raw materials, labor shortages, rigid price controls and other factors may adversely affect individual companies.

Many queer things are bound to happen in the coming months as a consequence of our new economic formulas.

Peak in 1941?

Events of 1941 suggest that bond prices may have reached peaks, both in this country and abroad. In turn this would imply a reversal of the trend of interest rates could be anticipated or at least that the peaks of 1941 would become plateaus with prices remaining fairly constant for an indefinite period.

From the United States have come recent suggestions that the bond market in that country has reached and may have passed its height. A completely opposite viewpoint has been advanced by other well-informed financial men and it is concluded that the position of the bond market in the United States at present may be compared with that in Canada when this country entered the war.

Low Interest Cycle

The present low-interest cycle has taken several stages. Its beginning can be traced back to the gradual recovery which set in following the panicky market of 1931 when England was forced off the gold standard. In this country it developed step by step through the co-operation of the Bank of Canada, the Canadian chartered banks, and other financial institutions. It was aided by psychological, as well as monetary, factors.

In recent years there has been a tendency on the part of individual investors to seek safety in bonds rather than sleepless nights in stocks, commodities or real estate. At first the depression, then the war scares and finally the war itself have just about convinced a large section of the investing public that there is a difference after all between government bonds and a "new era" industrial stock or a "gilt-edge" mining certificate.

On the whole, it has not been remarkable that interest rates should have fallen to a 3% level. There is the possibility that, in the early future, there will be a tendency on the part of the banks to buy more of the longer term issues in recognition of the now almost universally accepted theory that low interest rates are here to stay.

Two Billions to Borrow

Reviewing Canada's financial and budget problems of the coming year, it is pointed out that borrowing requirements of the Dominion Government are approaching $1.5 billion per year and could next year quite easily reach $2 billions or $2.5 billions. This is on the assumption that taxes are approaching their effective maximum. It has been demonstrated that Canada can raise from half a billion to a billion dollars per year but we have never before faced such huge loans as can now be visualized.

The question is asked as to where this money is coming from and whether it will be available at 3% interest rates.

With regard to savings deposits during the past few years, it is clear that the accumulation of savings by individuals is not proceeding at as fast a rate as the loans are absorbing them. After each loan, savings deposits have declined sharply and then have gradually risen, but each rise has failed to reach the previous high point.

Thus, in spite of greatly increased earning power throughout the country, savings do not appear to be expanding quickly enough. It is true that demand deposits are steadily and rapidly rising but they largely represent corporate accumulations and while available, in part, for war loan financing are not as reliable or as permanent as individual savings.

Ordinarily in a country experiencing increased production and a rising national income, savings will also increase. Up to last December we could count on expanding incomes and greater savings but the wage-price ceiling suddenly changed the picture. Prices can no longer rise nor can wages or other incomes show any material increase. With full employment virtually reached and with prices pegged, a ceiling has been placed on national income and thus, to a certain degree, on normal saving.

To carry through successfully the staggering volume of financing to be expected in 1942 and subsequent years, it will first of all be necessary to reduce drastically consumer spending. Normal savings must be vastly increased. A very much more intense campaign to dissuade people from buying goods is essential. The time will come when it will be unpatriotic, if not actually subversive, to buy a new electric toaster, a snow shovel or a new pair of rubbers. A "Don't Spend" campaign should replace a "Must Save" campaign.

ARE YOU STUCK?
We can handle still more war work—possibly make the part you need. Equipped to handle anything in steel — large or small. Can we help you?
BORDER CITIES WIRE and IRON WORKS
WALKERVILLE, ONTARIO

Once Again The People Of The Province
Have The Opportunity To Save In Simpson's
FEBRUARY SALE OF FURNITURE
For months, Simpson buyers have been planning for this great sale. When you see the furniture you'll know at once that it is not only outstanding in design and finish, but that it will serve you long and well. And when you see the prices — THE ONES ON THE RED TAGS TELL THE STORY — and compare them with the after-sale prices, you'll realize how much you save when you buy in this Simpson Sale. Come today and see for yourself.
10% DOWN
on Simpson's Home Lovers Club Terms on Furniture, Mattresses and Bedsprings. Minimum down payment $5, and the balance with reasonable service charge, to be paid in 12 monthly instalments — minimum monthly payment $5. These terms are in accordance with regulations of the Wartime Prices and Trade Board.
Simpson's
FURNITURE FLOOR — THE FIFTH

The Financial Post Question This Week—

Would Postponing Fairs and Exhibitions For Duration Promote the War Effort?

The fate of Canada's hundreds of fall fairs and exhibitions for the duration of the war is being decided now at annual meetings of agricultural societies and other sponsoring organizations.

Ever since the outbreak of the war there has been controversy as to the wisdom of continuing operations. So far, however, most of the institutions have decided to carry on, the one important exception being the Royal Agricultural Winter Fair of Toronto, whose steam heated buildings were soon commandeered by the military authorities.

There are three classes of fairs and exhibitions in Canada. Most numerous is the local fair. It originated in pioneer days, is almost entirely agricultural, and still remains the high light of the year in many localities.

Next comes the larger two to three day fair or exhibition usually staged as a county or small city enterprise. This often combines agricultural and industrial exhibits.

Largest of all are the provincial and national exhibitions which run from one to two weeks.

One point all have in common is the government grant to be applied to prize money. This runs from few hundred dollars in the case of the local fair to far up in the thousands for the bigger exhibitions. At the larger fairs, too, there is usually a substantial grant from the various livestock associations to encourage the showing of pure bred stock.

It is this cost, plus the time, money and materials spent on fairs generally that provides any argument for discontinuance of them in wartime. Against this is the necessity for recreation, and the closing of a well established vehicle for patriotic appeal.

Robson Black

Vice-president and manager, Canadian Forestry Association, Montreal.

I cannot see any gain to war efficiency in postponing fairs and exhibitions. Such educational projects exert a wholesome influence upon popular morale. A focused war effort is not enhanced by sackcloth and ashes.

* * *

Wilfrid Bovey

Chairman, General Committee, Canadian Handicraft Guild, Montreal.

The Canadian Handicrafts Guild is a non-profit making organization with many branches and associated groups. Members are entitled to their own views and the guild has no authority to speak on their behalf.

Many guild members are members of the Arts Association of Montreal, now sponsoring an exhibition for benefit of the merchant navy. Our Ontario branch is sponsoring an exhibition, promoting education in handicraft. The Department of Pensions and National Health expect that this will be of great value in rehabilitation.

Certain guild members are unanimous in wishing every effort of all Canada should be devoted to winning the war but the question of what activities should continue is surely one for federal government to decide.

* * *

Col. F. H. Deacon

President, F. H. Deacon & Co., investment dealers, former president, Canadian National Exhibition, and owner purebred livestock farm near Toronto.

Speaking personally and as a past president of the Canadian National Exhibition I think the war effort was enhanced last year by showing at that exhibition of Canadian accomplishments in production of munitions and other war requirements. Visitors were made more war conscious.

Exhibitions afford a convenient place to compare qualities of the best in agriculture and industry both of which should be improved and maintained. Exhibitions provide wholesome recreation for large numbers too young or too old to be involved in war thus helping morale. United States visitors to these affairs improve our foreign exchange. Local fairs are also useful in comparative degree.

* * *

Wm. A. Dryden

Of Brooklin, Ont., stock farm owner, manager, Royal Agricultural Winter Fair (postponed for duration) and prominent figure in Canadian agricultural circles.

I see no relation between suspension of fairs and exhibition and the war effort. On the contrary, I definitely believe that well established and well managed, they may be an important factor in assisting war effort.

The basis of all fairs and exhibitions in Canada is agriculture and instead of disbursing community effort along this line encouragement should be given for further improvement in quality livestock and every other farm product.

Such a time as the present demands more than ever combined effort to maintain morale stability and equilibrium. Through ideals set up by competitive exhibits features may be developed emphasizing war effort.

Public approval of exhibitions was evidenced by greatly increased attendance at 1941 Canadian National Exhibition.

* * *

L. A. DeWolfe

President, Canadian National Federation of Home and School, Truro, N.S.

I would postpone provincial or interprovincial fairs because of expense and time of transportation and preparation. This would release further railway services and equipment for the war effort.

County fairs are valuable if they promote better crops and livestock but questionable if mainly entertaining or commercialized.

Local fairs are worth while. People need to get together. Little time is lost and everyone can attend the local fair. The prize money stays in the community and it is likely to go into war stamps.

E. K. Hampson

Of Hamilton, president, Canadian Society of Technical Agriculturists.

I believe local fairs could be discontinued indefinitely. However I think there is place for regional commodity shows designed to educate the farmer as to kinds and grades of war requirements or which provide opportunity of disposing of his goods or purchasing his requirements. I have in mind regional seed shows of commercial nature; cheese and bacon show as at Ottawa; bull and boar shows at which sales would be part of the event.

All exhibition activities should feature some practical phases of the part the farmer can play in the war effort.

* * *

Col. T. L. Kennedy

Member for Peel County in Ontario Legislature, former provincial minister of agriculture and prominent fruit grower.

To change established customs too quickly disturbs people and is dangerous. Fairs are community centres where neighbors meet and discuss their common troubles and joys.

Exhibitions should be abolished for the duration. Fairs should be continued featuring specialized farm products for their respective districts, but compelled to make 75% of all exhibits for school children continuing educational and community features.

Frank Napier

Secretary, Canadian Ayrshire Breeders' Association, Ottawa.

Postponing of fairs and exhibitions would, I think, be unfortunate if not retrograde step. It would largely curtail incentive for better livestock and educational features of fairs.

Economical operation and curtailment of undue expenditures is absolutely essential in any industry including agriculture. Fairs play vital role in this respect. They encourage better and more efficient livestock and provide necessary advertising for disposal of surplus.

Col. Frank Moss

Of Toronto, secretary, Canadian Thoroughbred Horse Society.

Personally I doubt whether your question should be answered in the affirmative. The war effort is of first importance, but animal breeding classes at fairs are valuable aids to a vital industry.

Where fair buildings are not required for military purposes I would hope to see fairs continued.

* * *

A. E. Ottewell

Registrar, University of Alberta, Edmonton.

The postponement of fairs and exhibitions as now conducted, would, I think, promote the war effort.

Apparently the educational features have become secondary to entertainment. Money spent on midway and race track could be used in direct war expenditures and thus retard inflation.

If private spending competes with that of the government, fairs and exhibitions provide perfect examples. Tanks, planes, guns, munitions and ships are vastly more important than circus rides, high dives, wild west shows and vaudeville features.

Our win the war slogan should be "Business as Unusual."

* * *

V. A. Porter

Manager, International Harvester Co., Edmonton, former president, Edmonton Chamber of Commerce.

I am doubtful if postponement of fairs or exhibitions for duration would materially assist war effort. I strongly recommend continuing fairs and exhibitions on modified basis.

Years of work and effort have proven their benefit to the community and in them we have an investment which we cannot afford to sacrifice.

Fairs and exhibitions at which people meet and compete for better and greater things whether on large or small scale are a practical method of education which has and will mean much in the advancement of the community and Canada.

* * *

Hugh Templin

Editor, News-Record, Fergus, Ont., and recently returned from official Canadian editors' tour of Britain.

I would not be in favor of postponing either small rural fairs or large exhibitions except where buildings are needed for military purposes.

I have been a director of the Wellington County Fair for years. I believe it does much good for agriculture and helps relations between town and country. It costs no one much money.

If closed it might save government considerable amount in grants but there would be no other important saving to anyone. It would be hard to start again after the war if it was closed now. Last year the local fair invited army units to stage demonstrations with considerable success.

J. Lockie Wilson

For many years secretary of the Ontario Associations of Agricultural Societies, sponsors of Ontario fall fairs, and a leading figure in agricultural association work in Ontario since the beginning of the century.

Yes, most decidedly. Little will be lost and the gain will more than compensate the outlay in money and labor necessary in staging exhibitions.

Fairs in peacetime are of great educational value but when world freedom is at stake we must postpone everything that would interfere with our struggle to uphold the right and exterminate merciless marauders. Organizations must not divert energy, time or money from this vital task "fill the armies, rule the air, pour out munitions, strangle the U-boats, sweep the mines, plow the land, build the ships, succor the wounded, uplift the downcast, honor the brave."

Should Use Funds For War Effort

Duty of Everyone to See That Money Does Not Lie Idle

It was the duty of everybody in the United Kingdom to see that money did not lie idle to the detriment of the war effort, Edwin Fisher, chairman of Barclay's Bank, told shareholders at the annual meeting in London.

Providing funds for the government would not only help the war effort, he indicated, but would help to avoid the difficulties which would result from inflation.

Evidence of the dangers of inflation, he said, were to be had in the large banking deposits and the increase in note circulation. Part of the increase in note circulation, he believed, might represent additional money in the pockets of the people. This money he stated would be better employed if invested in National Savings Certificates or some other government security.

Close Your Eyes and See Him 20 Years from Now

Let an Imperial Life Child's Thrift Policy give him a "head start"

A HAPPY father said that his daily romp with his young son more than repaid him for the hardest day's work. Yes, such is the priceless privilege of fatherhood!

But there's a responsibility, too—one that can only be discharged by giving these tots a place in life. Adequate schooling, a professional career, perhaps a small business or a partnership—all call for money.

Many fathers, knowing the financial, business and health hazards of life, have guaranteed their children a start at 21 through an Imperial Life Child's Thrift Policy.

The amount and due date are specified by the father. Meanwhile, there is protection because if he dies the premiums will be paid by the Company until the child is 21. Why not see the Imperial Life representative today?

$1000 for Norman J. when he is 21

When 'the unexpected happened', Norman J. was little more than a baby. His father left an Imperial Life Child's Thrift Policy. Under its terms the Imperial Life will pay all premiums until Norman is 21. Then he will receive $1000—enough for a head start in life.

Norman's needs will be all the greater because his father will not be here to guide him. And Norman's mother does not need to worry about the deposits—she knows that Imperial Life is paying them.

LET US SEND YOU THIS BOOKLET

The title is: "*Money for Them.*" You'll find is very helpful. It is free. Write Imperial Life Assurance Co., 20 Victoria Street, Toronto, Ont.

IMPERIAL LIFE

Dominion Nine Month Deficit $158 Millions

Expenditures by the Dominion Government in December exceeded receipts by $56.4 millions to bring deficit for the first nine months of the current fiscal year to $158 millions. At the same time a year ago deficit on the year amounted to $223 millions.

December expenditures were 52% up on December, 1940, while the nine-month total was 48% higher than a year ago. Heaviest item in this category is for war, cost of which advanced 47% from Dec., 1940, and 3.7% from November. In the first nine months war expenditures rose 78%.

Government receipts during December climbed 69% over the same month a year ago while for the nine-month period they were 78% ahead.

Prepayment of income taxes coupled with the higher rate of impost was reflected to a marked extent in December collections which were $28 millions higher than the income taxes collected in Dec., 1940. In the first nine months ended December income tax collections were $270.8 millions higher than the same period the previous year. Other big change in the receipt column was in excise taxes, the accelerated tempo of business pushing these collections in December to a point $13.9 millions higher than a year ago.

Ordinary Government expenditures in December totalled $35.7 millions compared with $22.7 a year ago. For the first nine months ordinary expenditures amounted to $296 millions against $273.7 millions for the same period of the previous year. On the month, war expenditures were $39.9 millions higher than Dec., 1940, and $374 millions higher for the nine-month period.

Expenditures on government enterprises during the nine months were down almost $15 millions, being accounted for by wiping out of the C.N.R. deficit which at Dec., 1940, end amounted to $15 millions.

Figures for the month and nine-month period follow:

Receipts and Disbursements

December

	1941	1940	Change
	In $000's		
Receipts:			
Customs	12,650	11,172	+1,478
Excise duty	9,585	7,804	+1,781
Excise, sales tax	41,742	27,764	+13,978
Income tax	36,556	8,529	+28,327
Post office	6,200	6,187	+13
Sundry	4,650	4,232	+418
Special	176	43	+133
Total	111,384	65,733	+45,651
Disbursements:			
Ordinary	35,775	22,727	+13,048
Capital	609	263	+346
War	124,492	84,587	+39,905
Relief works ...	6,626	1,967	+4,659
Govt. enterprises	504	552	—48
Sundry	5	173	—168
Total	168,013	110,270	+57,743

Nine Months Ended Dec. 31

	1941	1940	Change
	In $000's		
Receipts:			
Customs	107,314	95,514	+11,800
Excise duty	81,928	66,463	+14,465
Excise, sales tax	326,953	190,258	+136,695
Income tax	444,089	173,233	+270,856
Post office	33,495	28,667	+4,728
Sundry	26,095	17,189	+8,906
Special	3,054	1,290	+1,764
Total	1,022,929	572,614	+450,315
Disbursements:			
Ordinary	296,020	273,711	+22,309
Capital	3,099	2,785	+314
War	851,403	477,374	+374,029
Relief works ...	29,230	18,308	+10,922
Govt. enterprises	1,143	16,058	—14,915
Sundry	205	7,358	—7,153
Total	1,181,100	795,595	+385,505

Labor Shortage Hits Alberta

From Our Own Correspondent

EDMONTON. — Northern Alberta's considerable lumbering industry may be curtailed as much as 20% this season because of the labor shortage, operators report here. Scarcity of loggers is the chief trouble, they claim.

Enlistments for military service and placing of men into industry elsewhere have reduced the total available for logging camps. Increased orders for lumber for war purposes have added to demand. Unless some solution is found shortly, lumbermen fear the season's production will be hard hit.

C. P. R. Weekly Earnings Up 9.2% Latest Period

Canadian Pacific Railway Co. reports traffic earnings of $3.6 millions for the week ended Jan. 14, 1942. This compares with $3.3 millions for the corresponding week of 1941 and is a gain of $304,000, or 9.2%.

BELL ISSUES SHARES

Bell Telephone Co. of Canada advise the Montreal Stock Exchange that 922 shares of capital stock have been issued in connection with the employees' stock plan, making the total number of shares outstanding 833,414.

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Managing Editor, Evangelical Christian.
H. E. Irwin, K.C., Pastor, Missionary Tabernacle
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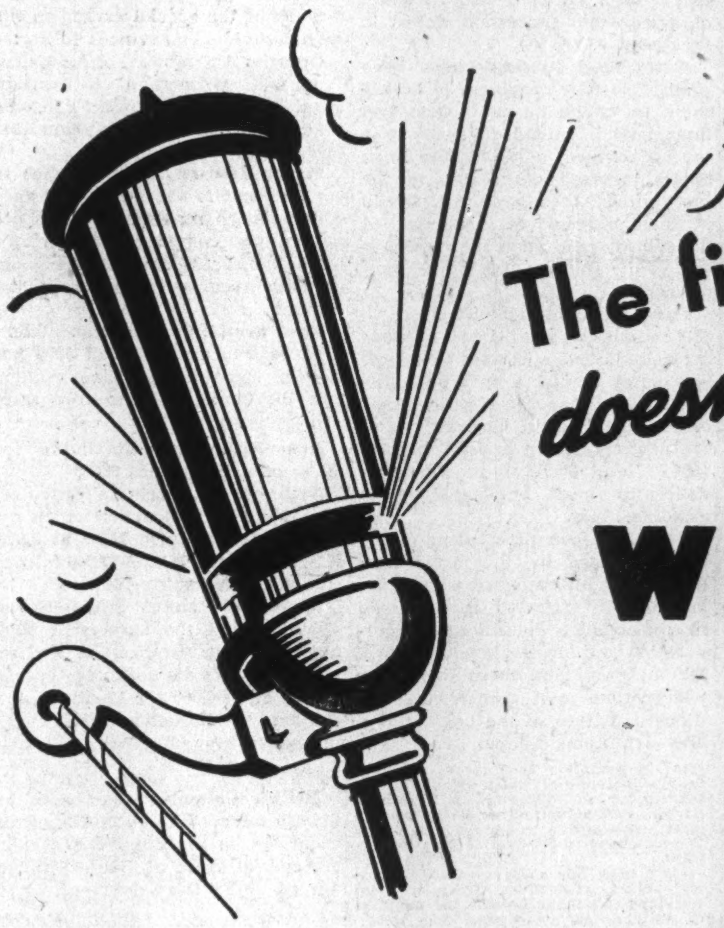

The five o'clock whistle doesn't mean a thing in WINDSOR!

In Windsor today every industrial wheel is turning at top speed, rolling out the vital machines of war. There is no such thing as 'quitting time' as one shift follows another on a steady 24-hour-a-day schedule.

Of Windsor's 28,508 wage earners, 20,469 are skilled auto workers whose incomes average $12.43 MORE per week than the average of $25.26 for all of Canada!

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Investment Trends

Little Action Shown By Stock Markets

End of Testing Period Not Yet in Sight — Walkers and Seagrams Hit By Alcohol Programmes in the United States

Stock market moves everywhere have been limited in extent and lacking in volume so far this year. What trend there is has been generally downward lately, cancelling out much of the year-end rise. But range of moves over the past week on the Montreal industrial share average was only about half a point and for the corresponding index at Toronto less than a point. Canadian industrial share indices are hovering within a fraction of a point of the December 9 and 10 lows.

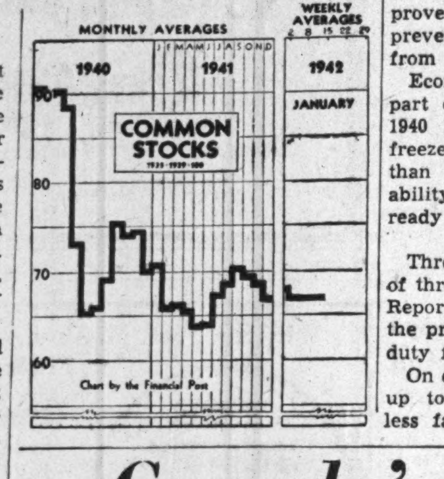
This combination of lack of trading activity, indecisive price movements and general lack of interest is seen by many observers as the kind of market action which can be expected to lay a secure foundation for substantial recovery at a later date. In this it can be expected that Canadian markets will probably take their cue from New York.

In the meantime it will still remain true over the next two months that attention of investors in Canada will be turned increasingly towards the forthcoming Victory Loan. Those ordinarily interested in generating interest in stock markets are helping to sell Victory bonds and available capital is being employed in that way.

* * *

Worries For Distillers

Canadian investors have a direct interest in what is happening to the distilled liquor industry in the United States. Two of the four leading companies in this field—Hiram Walker-Gooderham & Worts and Distillers Corp.-Seagrams— are Canadian in origin and Canadian interest in their shares is wide. Business Week, in its latest issue, explains some of the changes war is bringing.



OPM has commandeered a third of the industry's capacity for the production of industrial alcohol; prohibitionists are said to be launching new drives; rum production is shut down entirely. Use of molasses in beverage spirits has been prohibited entirely and OPM has called on the industry to make 60 million gallons of 190-proof alcohol from grain for industrial and ordnance purposes. Only 10 or 12 of the big distilling plants equipped to make 190-proof alcohol are directly affected by the latest order but practically the entire capacity of these plants will be needed. The rest of the industry can go on producing whiskey as before.

Most of the companies directly affected have several plants, only one or two of which may be drawn into the alcohol programme. Hiram Walker, however, is handicapped by the fact that its main plant is equipped to produce both alcohol and whiskey under one roof, something which is prevented under existing internal revenue laws. To permit such companies to produce whiskey and alcohol simultaneously, both OPM and the War Department are pushing for early passage of the Dirksen-Gearhart Bill.

* * *

Blended Whiskies and Gins

Somewhat different, but equally embarrassing for the present, is the plight of the companies which have specialized in blended whiskeys. In this group belongs the top ranking unit of them all—Distillers Corp.-Seagrams. Little, if any new alcohol is going to be available for blended whiskies, gins, cordials and liqueurs. Seagram officials, it is stated, hope that next year the alcohol-molasses supply will be much less tight and the company faces "hard times" within a year or two unless there is some improvement in the alcohol supply situation.

About a year's normal supply of blending alcohol is now in storage and the whiskey business can get along for at least that long, and perhaps for two years. There is about five years' supply of straight whiskies in storage at present.

Gin is said to be problematical as most of it is distilled and rectified in the same stills that will now have to be devoted to alcohol production. Gin business is said to be notoriously unprofitable, however, for the liquor companies.

Offsetting these wartime disturbances, however, are peak sales volume due to generally high purchasing power. These companies had good years in 1941 and can undoubtedly weather this year's troubles without much difficulty.

All this is probably reflected in price moves of the common shares of Distillers Corp.-Seagrams and Hiram Walker to date this year. The former opened on Jan. 3 at 23½ and closed Jan. 19 at 22 7/8. The latter opened Jan. 2 at 50 and had sagged to 44 by Jan. 19.

Ottawa Held the High Cards In Tax Deal With Provinces

By W. BRUCE MACKINNON

Biggest question developing out of publication of the Dominion-Provincial tax agreements last week was whether the new deal would prove to be a back-door introduction of the officially dormant Sirois Report.

Legally, the agreement is a revision of the B.N.A. Act by contract with the provinces. It might not stand up under constitutional test and is regarded as completely voluntary. The provinces appear to have no legal obstacles to going back to their pre-war tax structures.

Politically, revival of the old tax system may prove impracticable. Corporation income taxes levied by the provinces were unequal, ranged from zero to 10% on top of Dominion taxes. They were excessively complex—eight different methods of taxing banks, six for electric power companies and express companies, five for finance companies, etc. With support already apparent to make the deal permanent, it may prove hard for the provinces to prevent the wartime wing-clipping from leading to amputation.

Economically, freezing a major part of provincial incomes to the 1940 level automatically tends to freeze their power to borrow (other than for refunding), hence their ability to expand public works, already hit by war priorities.

Second-rate Sirois

Through the agreement, two out of three tax proposals of the Sirois Report have been realized, leaving the provinces still in the succession duty field.

On other counts, the deal now put up to the provinces is distinctly less favorable than the Sirois recommendations offered to them last January at the Dominion-Provincial Conference.

On debt—Sirois offered assumption of the provincial debt by the Dominion Government.

The present tax deal does not guarantee provincial debt, protects the provinces against loss of gasoline revenue through rationing, but offers no protection against possible loss of other revenues such as the concomitant automobile licenses, liquor profits.

On unemployment relief—Sirois offered Dominion assumption of the burden. In March, following the breakdown of the conference with the provinces, the Dominion ceased its relief contributions. The greatly diminished relief load was left on the shoulders of municipalities and provinces, which, with considerably less flexible revenues, are correspondingly ill-fitted to carry the load.

Ottawa was pretty well in the driver's seat from the start.

Most of the fighting fell to Ontario's Mitchell F. Hepburn. Six of the other provinces were getting special grants totalling $5.5 millions, and were not in a good position to talk back to Ottawa. Of the other two, Alberta was, and still is, in default. Quebec proved agreeable. Ontario, with its war plants booming and its treasury showing a fat surplus, was the only militant supporter of "provincial rights."

In the first round, at the Dominion-Provincial Conference, the Hepburn attack was based mainly on the heavy share of financing the new Confederation which Ontario would have to bear.

Before it broke up, Hon. J. L. Ilsley made a pointed survey of the effects which the Dominion's war measures might have on provincial finances. That was in January.

Round Two — Ottawa

In March the Dominion tossed the relief burden back to the provinces and their municipalities.

In April the new budget came down. In it was the withholding tax which hit the U.S. holder of provincial bonds, left the holder of Dominion bonds unscathed. And alongside the withholding tax was the outline of the Dominion-Provincial tax deal now being submitted to provincial legislatures in its final form.

The tax deal by itself left little loophole for provincial attack and the next Hepburn assault was on the withholding tax. He got his way and some of the discriminatory features were weeded out, but by implication, failure to attack the tax deal made it appear that Ontario accepted it in principle.

Capitulation of the provincial forces became certain with the introduction of gasoline sale restrictions in July. Gasoline taxes and vehicle licenses etc. provide 20 to 30% of provincial revenues, loss of which, uncompensated, would have been sufficient to force even the strongest province into default. Only loophole would have been an increase in other taxes, an almost impossible step in wartime.

Rubber shortage and the announcement that gasoline rationing would start next April provided the final lever which may yet bring an end to the conflicting authority which the Sirois Report sought to end.

Canada's New Tax Deal

No Word Yet What Taxes to Disappear

By STAFF WRITER

OTTAWA. — Corporations are still officially "in the dark" as to exactly which taxes will disappear as a result of the $85 millions tax deal concluded at Ottawa last week.

When signed, the new proposed federal-provincial tax agreements (which were mailed to individual provinces last week) will contain an official list as to which taxes will remain and which will disappear under the plan whereby the provinces vacate the income and corporation tax fields for the duration of the war and one year thereafter.

So far, Ottawa has not compiled such a list. Each individual province has been asked to compute this list and append it to the agreement.

The nine agreements now await approval of provincial legislatures. They provide that provinces will undertake not to tax personal or corporation incomes earned after Dec. 31, 1940, or to collect any other corporation incomes which became due and payable after Sept. 1, 1941. They are in substantially the same form with minor variations to meet special provincial situations.

Total amount of annual payments to the provinces will be $84.5 millions.

	Compensation for vacation of tax fields	Fiscal need subsidies	Total annual payment
	$	$	$
P. E. I.	264,769	437,174	701,943
N. S.	2,585,308	324,122	2,909,430
N. B.	3,278,574	371,493	3,650,067
Que.	20,704,737	......	20,704,737
Ont.	28,961,488	......	28,961,488
Man.	5,034,740	600,000	5,634,740
Sask.	4,330,471	1,500,000	5,830,471
Alta.	4,080,218	......	4,080,218
B. C.	12,048,367	......	12,048,367
	81,288,677	3,232,789	84,521,466

The agreement also provides compensation to provinces for losses in revenue from gasoline taxes below the amounts received from this source in 1940. Amount of revenues so guaranteed is $56.7 millions: P.E.I., $307,902; Nova Scotia, $2.8 millions; New Brunswick, $2.1 millions; Quebec, $11.8 millions; Ontario, $26.6 millions; Manitoba, $2.7 millions; Saskatchewan, $3.4 millions; Alberta, $3.2 millions; British Columbia, $3.8 millions.

Some Take Debt Option

Annual compensation payments in British Columbia, Alberta, Manitoba, Ontario and Quebec will be based upon the revenues which these provinces and their municipalities actually obtained from the personal and corporation tax fields during the fiscal years which ended nearest to Dec. 31, 1940. The other provinces decided to take the "debt option." Their annual payments will be based on the actual net cost of servicing the provincial debt in the fiscal year ending nearest to Dec. 31, 1940, less revenues obtained from succession duties in that year.

Fiscal need subsidies have been granted to four provinces to enable them to "stand on their own feet financially." Included also is a special payment of $324,122 to Nova Scotia, deemed equivalent to the loss which that province would incur as a result of suspension of the subsidy paid upon recommendation of the Duncan and White Commissions.

These payments amount in all to $3.2 millions as against $5.5 millions previously paid to certain provinces as special annual grants now discontinued. Accordingly the "net" cost to the Federal Government of the new agreement is $79.5 millions ($84.5 less $5.5) plus whatever deficiency must be made up in gasoline taxes.

Pending a complete listing of the taxes affected by this agreement, the nearest indication of what taxes are actually affected is contained in the official definitions of corporation and income taxes. Uniform for all provinces, these definitions proved the most contentious and difficult feature of the negotiations. The definitions follow:

(a) **"Corporation Tax"** means a tax or fee the imposing of which singles out for taxation or for discriminatory rates or burdens of taxation, either formally or in effect, corporations or any class or classes thereof or any individual corporation except:

(1) a bona fide and reasonable provincial license, registration, filing or other fee, provided that, without the approval of the Minister, no fee of a class of fees first charged or imposed after Mar. 31, 1941, shall exceed $250 per annum for each corporation and no fee charged or imposed on or prior to Mar. 31, 1941, which is in excess of $250 per annum for each corporation shall be increased and no fee charged or imposed on or prior to Mar. 31, 1941, which is less than $250 per annum for each corporation shall be increased to an amount in excess of $250 per annum for each corporation;

(2) the fees charged for the incorporation of a company;

(3) a license fee or other fee or tax for specific rights, benefits or franchises granted by a municipality or where they are to be exercised or enjoyed only in territory not included in any municipality by any authority (including the Province) having jurisdiction in such territory;

(4) any assessment under the Workmen's Compensation Act;

(5) a business or occupancy tax based on floor space or on the rental or assessed value of property, or on gross receipts from all or part of the business or other similar basis imposed by a municipality, or in territory not included in any municipality by any authority (including the Province) having jurisdiction in such territory.

(b) **"Income Tax"** means any tax imposed upon the net income of a corporation or upon the net income or gross income of an individual or partnership and shall include a poll or head tax based on income.

Some of the special arrangements with individual provinces follow:

Ontario: Amendment of Municipal Act and permission to certain municipalities to collect income taxes levied in calendar years 1941 and 1942.

Prince Edward Island: Agrees to cut fees on life and other insurance companies to maximum of $25 per annum per company. Same maximum fee for companies domiciled or with security registers in the province.

Nova Scotia: Cuts insurance company fees to maximum of $250 per annum, same for gasoline refiners and distributors, other companies $25.

New Brunswick: Maximum fee on gasoline companies $250.

Each of the Maritime provinces suspends P.C. 2452 under which the C.N.R. was to pay N.B. $119,000, N.S. $91,000 and P.E.I. $40,000 in each five years beginning 1941.

Manitoba and Saskatchewan stipulate that the agreement shall not prejudice their claim for resumption of discontinued special grants of $750,000 for Manitoba, $1.5 million for Saskatchewan.

Alberta: Maximum fee on gasoline companies $250.

British Columbia: Maximum fee on fish buyers limited to $25; agreement not to prejudice B.C.'s claim for special grant of $750,000 discontinued under the agreement.

New Licenses

The Dominion Department of Insurance has issued licenses to the following companies to write the class of business indicated:

General Security Insurance Co. of Canada.—Fire, accident, automobile, limited explosion, guarantee, inland transportation, personal property, plate glass, sickness, sprinkler leakage, theft, windstorm, civil commotion, earthquake, falling aircraft and impact by vehicles, on property already insured under a fire policy with the company. A. Samoisette of Montreal has been appointed chief agent of the company.

New York Reciprocal Underwriters—Fire, limited explosion, falling aircraft, inland transportation, sprinkler leakage, windstorm insurance, and in addition, hail, civil commotion and impact by vehicles on property which is also insured under a fire insurance policy of the exchange.

Clonmel's Drilling Ontario Financed

Structure North of Edmonton to be Tested in Three-well Programme

Following an extensive survey which indicated a "closed structure" 37 miles north of Edmonton near Bruderheim, Clonmel Petroleums has embarked on a three-well programme to test oil possibilities. A first well was spudded in on Jan. 3.

Financing has been carried out privately with Ontario interests putting up the money, the complete programme estimated to cost some $150,000.

Hopes are for production from the Madison limestone, the same as in Turner Valley which is expected around 2,900 ft. Cost of drilling wells is estimated at $45,000 each.

Holds Large Acreage

A total of 24,000 to 25,000 acres is held by the company. Part of this acreage was secured from the C.P.R., some from Anglo-Western Co., an English concern, 5,000 acres has been acquired in fee simple and the balance, from the Crown.

Authorized capital is 20,000 shares of which 10,000 have been sold. As the company has been privately financed, the company's stock has not been qualified for sale in Ontario.

Directors are: A. H. Seguin, president; R. P. Barrett, vice-president; K. F. DeLong, secretary-treasurer; and A. F. Mewburn, field manager. A fifth director is to be elected.

Company Reports

Toronto Mortgage

Collections of the Toronto Mortgage Co. during 1941 are stated by W. Gillespie, manager, to have been excellent, owing to more lucrative employment conditions and all interest over six months past due has been written off. During the year sterling debentures outstanding were decreased by $138,000, while currency debentures (payable in Canada) increased $61,000. Loans on mortgages were decreased $163,000, and liquid assets rose $111,000.

Income and Surplus Account
Years Ended Dec. 31

	1941	1940
	$	$
Interest, rents, etc.	283,377	281,923
Add: Sterling profit	14,562	20,517
Total income	297,939	302,440
Less: Sterling interest	58,309	63,340
Canadian interest	43,995	40,916
Deposit interest	2,472	2,341
Other charges	3,682	6,543
Management cost	26,984	27,335
Invest. reserve	10,191	15,757
Tax reserve	58,000	50,000
Net profit	94,306	96,208
Less: Dividends	98,650	103,582
Deficit for year	4,344	7,374
Add: Prev. surp.	123,743	135,908
Less: Tax adjust.	......	4,791
Surplus forward	119,399	123,743
Earned per Share	$4.78	$4.88
Paid	5.00	5.50

Liabilities to Public

	$	$
Debentures	2,854,306	2,930,988
Deposits	151,528	147,494
Total	3,005,834	3,078,482
Secured by:		
Liquid assets	1,339,685	1,228,363
Mortgages	3,862,150	4,024,808
Other net assets	99,562	100,557
Total	5,301,397	5,353,728

Guaranty Trust

Despite increased taxation, earnings have risen and the consistent growth of the business is reflected in all sections of the financial statement of Guaranty Trust, states E. B. Winter, president, in the annual report.

Total assets entrusted to the company amount to over $12 millions, against $10.4 millions last year. Liquid securities are stated to be 98% of combined deposits and guaranteed investment certificates, against 95% reported for last year.

Income and Surplus Account
Years Ended Dec. 31

	1941	1940
	$	$
Net earnings	29,717	23,718
Less: Tax reserve	11,423	7,679
Net profit	18,294	16,039
Less: Dividends	15,000	13,045
Surplus for year	3,294	2,994
Add: Prev. surplus	20,637	17,643
Surplus forward	23,931	20,637
Earned per Share*	6.10%	5.35%
Paid	5.00%	5.00%

*On 5,000 shares of $100 par value, on which $300,000 has been paid.

Liabilities to Public

	$	$
Guar. trust acc't.	1,812,824	1,198,700
Secured by:		
Liquid assets	1,545,864	921,323
Mortgage int.	260,960	277,377
Other net assets	384,932	381,637
	2,191,756	1,580,337
Estates, etc.	9,831,056	8,802,463

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Market Opinions

Caution for the near future is being emphasized by commentators on the stock market in the United States.

Barron's, N. Y. (The Dow Theorist)—If both averages should continue to recede toward the December lows with a further decline in volume and should either one or both, hold above these bottoms, a buying opportunity might be in the making. On the other hand, if both averages should soon break to new lows, a resumption of the bear market would be under way. The primary trend is still regarded as down under the Dow theory.

* * *

Brookmire Counselor, N.Y.—Clients should maintain a middle-of-the-road position — recognizing the dislocations and hardships of a war period, yet giving new weight to the good level of dividends of many corporations. Conditions may clarify sufficiently, before long, to warrant clients using the existing moderate cash—especially if the terms of the new tax programme become clearer, and present holdings should be maintained in armament, inflationary types of stocks.

* * *

Financial World, N.Y.—With a tax bill of such transcending importance soon to be formulated, the market averages are likely to find it difficult to make any impressive progress on the up-side during the several weeks to come. But the explosively inflationary character of the present background appears fully to warrant the continued employment of most of the investor's funds in selected stocks if he is to preserve the purchasing power of his shrinking dollars during the several years ahead.

* * *

Magazine of Wall Street, N.Y.—Although we think the chances are that the lows made by the averages in December will not be seen again for a long time to come, technical evidence is, of course, yet to be supplied that we are seeing something more than a mere rally. Further test the markets' stamina is likely before February. In our opinion, there is a fair chance of an additional rally over the near future, although the fastest phase probably has been seen and increasing selectivity is probable. There does not seem to be a necessity to reach for stocks on further rally. In the present setting — technical and otherwise—there does not appear to be an adequate base for a long-sustained upward move beginning immediately.

* * *

Barron's, N. Y. (The Trader)—The stock market seems to be in the natural process of readjustment following the quick upswing from Dec. 23 to Jan. 5. Weakness thus far has been quite localized. On the other hand, the character of the market leadership betokens no convincing revival of speculative confidence. Until a more protracted period of dullness and of minor price movement occurs, there is no assurance that the conventional "base pattern" has been established or that, consequently, air pockets may not appear. As for the long term, the ratio of yields to bonds, and the trend of congressional tax thinking clearly points to the market being in an area of accumulation.

Recruiting Bottle Caps

Where to dispose of bottle caps where they wouldn't do any harm has been as much of a problem on picnics as the used razor blade in the bathroom. The salvage campaign of the Department of National Services has solved the question. Now these caps are wanted both for their cork linings and their metal tops. States William Knightley, National director of the campaign:

"We want hotel keepers, restaurant managers, soda fountain workers, corner store proprietors, and the like, to co-operate. They can take steps to save all caps from bottles.

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Significant Investors' Index Numbers

No. of Securities	Mach. and equip. 8	Pulp and paper 7	Milling 3	Oils 4	Textiles and clothing 10	Food and allied prod. 12	Beverages 7	Bldg. mater. 15	Power and traction 15	Banks 8	Total utilities 19	Total co's. 95
(Base 1935-39=100)												
1929-40:*												
High	345.7	564.5	322.3	212.5	168.2	123.2	163.1	202.1	297.5	160.9	329.3	180.5
Low	68.5	49.8	63.6	46.5	76.0	76.9	67.0	71.2	68.2	84.6	68.4	64.0
1941: Monthly Figures:												
Jan.	77.6	74.1	72.1	51.6	110.6	96.3	104.3	84.0	75.4	94.7	77.3	71.3
Feb.	72.9	63.8	69.5	48.7	105.0	90.1	96.6	77.3	68.8	90.9	71.3	66.5
Mar.	73.6	65.4	69.5	49.5	103.1	87.9	93.7	78.5	67.0	89.9	70.7	66.8
Apr.	73.2	63.9	68.6	49.4	101.3	88.6	88.1	77.8	62.2	89.7	68.2	65.8
May	71.8	59.7	63.4	51.3	97.4	88.6	82.8	74.4	60.3	88.3	65.2	63.9
June	72.0	59.5	67.5	48.0	101.1	90.1	87.3	74.9	62.0	89.0	67.1	64.0
July	76.5	66.1	67.5	48.4	105.7	90.5	94.3	77.8	65.3	89.7	70.6	67.5
Aug.	76.8	70.2	72.4	49.1	106.3	91.8	95.7	79.7	64.4	89.7	71.2	67.8
Sept.	80.5	78.5	75.1	51.3	108.4	93.3	102.4	82.4	68.8	91.2	74.7	71.0
Oct.	78.3	75.5	74.5	51.2	105.7	91.9	98.7	78.9	67.2	90.8	72.5	69.1
Nov.	78.2	76.4	74.9	52.9	110.0	91.0	102.6	77.8	65.5	91.7	71.1	68.8
Weekly Figures:												
Dec. 4	78.3	77.0	76.1	50.8	110.8	91.5	106.6	78.0	64.1	91.4	70.6	67.9
Dec. 11	75.6	72.8	69.8	50.3	110.0	89.9	101.6	75.9	62.1	91.1	68.3	67.0
Dec. 18	74.5	71.3	71.3	48.0	110.3	92.0	104.2	74.0	61.5	89.8	67.1	65.9
Dec. 2[illegible]	74.4	71.7	71.3	47.6	110.3	92.1	105.6	74.5	63.1	89.9	67.8	66.8
1942:												
Jan. 2	74.5	71.5	72.4	48.5	110.4	91.6	106.1	75.1	64.0	90.3	69.9	68.2
Jan. 8	73.3	73.1	75.7	46.7	113.5	91.7	102.1	75.5	63.8	90.9	69.6	67.1
Jan. 15	74.8	72.8	75.3	46.5	112.7	89.5	92.0	74.8	63.8	90.9	70.3	67.0

*High and low for year from 1929 to 1940 inclusive are based on weekly figures issued by Dominion Bureau of Statistics. For 1929 to 1938 inclusive the base is 1926=100; for 1939 and subsequent years the base is 1935-39=100.

Toronto Stock Exchange Index

	20 Indust.	20 Golds	10 B.M.	15 W.O.
Jan. 20	90.38	82.02	69.73	18.60
Jan. 19	90.68	82.44	69.87	18.55
Jan. 17	90.66	81.05	69.79	18.54
Jan. 16	90.67	81.26	69.85	18.59
Jan. 15	90.90	81.77	70.28	18.65
Jan. 14	91.40	81.38	70.79	18.74
Month ago	90.94	81.53	67.36	18.49
Year ago	99.21	105.97	67.05	20.97
High 1941-42	103.48	109.76	75.30	21.62
Low 1941-42	85.87	80.89	59.30	16.73

Montreal Stock Exchange Averages

	10 Util.	20 Ind.	30 Chd.	10 Pprs.	15 Golds
Jan. 20	43.2	60.1	54.5	74.43	54.42
Jan. 19	43.1	59.9	54.3	74.50	54.68
Jan. 17	42.6	60.2	54.3	75.57	54.66
Jan. 16	42.3	60.2	54.2	76.00	54.66
Jan. 15	42.5	60.3	54.4	76.06	54.70
Jan. 14	42.5	60.4	54.5	75.20	54.53
Month ago	41.8	59.4	53.5	72.62	55.47
Year ago	53.3	63.8	60.3	76.20	78.95
High 1941-2	54.3	66.6	62.3	88.90	79.99
Low 1941-2	41.1	52.3	49.3	58.96	53.94

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Bond Markets

Insurance Investments Earn Higher Rate In '41

Better Collections, Fewer Defaults Offset Lower Coupon Rates on Governments — U. S. Bond Markets Show Improved Tone

Despite the increasing amount of low-interest, government bonds held in insurance company portfolios, the annual reports of four major companies indicate that the average rate of interest earned on their investments was showing slightly better in 1941.

For the Canada Life, 1941 interest earned averaged 4.21% against 4.14% in 1940; Manufacturers Life, 4.51% against 4.45%; Confederation Life was unchanged at 4.46%, while the Imperial Life shaded down from 4.25% to 4.20%.

If, as these figures suggest, the conservative investor's position has improved over the past year, one important factor has undoubtedly been a lower casualty rate on first class investments. The true rate of interest in a large portfolio must take account of capital losses, and the expenses of negotiations with defaulting debtors. Improvements in municipal finance and in collections on private mortgages have been generally experienced in 1941. Although coupon rates may be lower, the cost of supervision and losses through defaults have apparently offset the decline.

* * *

U. S. Bonds Recover

Although the direct interplay of market movements between Canada and the U.S. has been sharply reduced by wartime restrictions, considerable significance still pertains to the movements south of the line, if only as a basis for sympathetic trends in Canada.

As such, the action of the Dow-Jones bond average in New York will bear close watching over the next week or two. Last month, after being in a downward trend since January, 1941, the index took a drastic slump on the outbreak of the Jap war. Since then, the curve has rallied nearly three points to just over the 90-mark. This is an almost 100% recovery of the December drop, considerably more than would normally take place if the 1941 decline were to develop into a full-fledged bear market. To chart students, another point would bring the average above 90.87, the last rally point, signifying a reversal of the 1941 down-trend.

Underlying conditions for the improvement in U. S. bond values appear to be basically similar to those which have maintained Canadian bond quotations at good levels. Impact of war spending is improving the margin of interest coverage on most classes of bonds.

* * *

More on Montreal

Objections to the Montreal plan continue to come, largely from the same British sources and for the same reasons. One new voice has been added, that of the Montreal "City Improvement League." In contrast to plaints of British investors, the Montreal group objected to the treatment given the banks and other short-term creditors. Previously, the principal argument was that the longer-term creditors were the chief sufferers.

Complete fairness in such cases would tax a Solomon, but it appears that if both long and short-term creditors have ground for protest, the plan must have some claim to equity.

Most important feature of the plan is undoubtedly that which guarantees continued supervision of the city's affairs. If Montreal finances are to be placed on a permanently sound basis, there seems little reason to doubt that even its longer-term 4% bonds will sell close to par, and investors will be able to sell if they choose. This feature may not be very well liked by elected civic officers, and it may well be that this constructive phase of the plan will meet with opposition from that source.

Investment Notes

International Paper—Earnings in 1941 are believed to have been about the same as in 1940, according to New York reports with volume remaining at high levels. Although the first meeting of directors for this year did not result in a dividend on the common, it is felt that some action may be taken before long.

Weekly Bank Clearings

	Jan. 15 1942 $	Change Year Ago %	Jan. 8 1942 $
Halifax	3,606,329	+20.8	4,747,493
Saint John	1,968,170	—0.7	2,743,037
Moncton	1,058,098	+56.4	1,398,542
Sherbrooke	996,623	+30.7	1,070,807
Quebec	4,999,943	+6.5	5,697,774
Montreal	99,459,938	+4.9	161,575,455
Ottawa	41,608,838	+0.05	87,524,718
Kingston	750,782	+15.4	1,070,153
Peterborough	667,191	+18.1	947,683
Toronto	112,104,465	—14.1	185,173,255
Hamilton	6,458,171	+15.4	8,336,395
Kitchener	1,099,724	+2.0	1,655,712
Brantford	989,643	+15.3	1,451,431
London	2,433,432	—6.7	3,958,844
Chatham	696,841	+25.7	821,326
Sarnia	415,585	+9.1	631,929
Sudbury	1,340,684	+32.3	1,259,734
Windsor	3,504,326	+3.5	4,518,550
St. Catharines	1,213,169	.....	1,492,122
Fort William	1,084,008	+33.1	1,118,966
Winnipeg	41,982,436	+11.7	57,046,485
Brandon	392,710	+22.9	577,570
Regina	3,824,105	+9.0	5,230,692
Saskatoon	1,502,030	+7.5	1,965,999
Moose Jaw	737,807	—5.7	806,927
Prince Albert	453,125	+29.6	570,455
Edmonton	5,795,450	+34.4	6,821,299
Calgary	5,913,785	+7.3	7,894,809
Lethbridge	637,961	+24.3	708,575
Medicine Hat	237,853	—25.7	392,112
N. W'minster	782,003	+26.1	974,331
Vancouver	16,938,005	—2.1	24,118,551
Victoria	1,706,009	—5.5	2,123,691

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New Bank of Toronto Chiefs

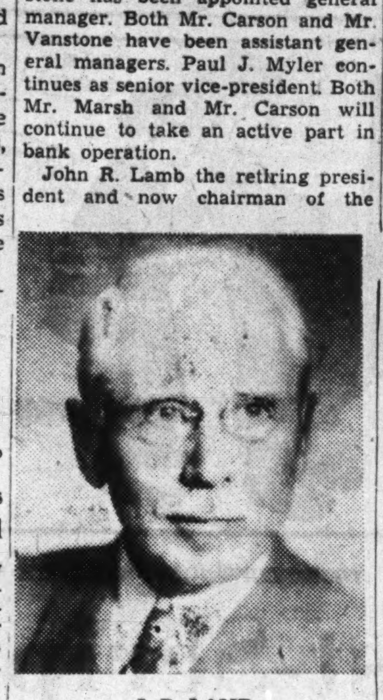
Four Changes Among Top Executives

Announcement of four major executive appointments at the annual meeting of the Bank of Toronto marked an important milestone in the history of this 86-year-old institution.

John R. Lamb, who has been president since 1935, becomes chairman of the board. F. Hedley Marsh, general manager since 1938, has been appointed president. J. L. Carson has been made a director and vice-president and B. S. Vanstone has been appointed general manager. Both Mr. Carson and Mr. Vanstone have been assistant general managers. Paul J. Myler continues as senior vice-president. Both Mr. Marsh and Mr. Carson will continue to take an active part in bank operation.

John R. Lamb the retiring president and now chairman of the board was born on a farm near the village of Alvinston. Educated at the local school he took a commercial course in London, Ont. At 16 he entered the employ of the private banking firm of R. & J. Conn in Alvinston. A few months later he was offered a position with the Bank of London and served with that concern in Watford and Petrolia. When the Bank of London got into financial difficulties, his manager at Petrolia advised him to go to Toronto to look for a job. An interview with Duncan Coulson, then general manager of the Bank of Toronto, resulted in young Lamb starting as a junior in the head office. In succeeding years he served at different branches in Toronto and Montreal, Copper Cliff and Barrie.

But the bank was looking to the west as well as to the north and in 1905 he was sent to open a branch at Winnipeg. He returned to head office as superintendent of branches. In 1922, he became general manager and four years later, vice-president and director. On Oct. 30, 1935, he was elected president, still giving full time to the executive affairs of the bank. His interests outside the bank include directorships of the Canada Permanent Mortgage Corp and the International Nickel Co. of Canada.



J. R. LAMB

F. Hedley Marsh, the new president, has had broader experience than many bankers because he has served with three banks. After finishing school he operated his mother's farm at Clarksburg, Ont., for two years. He then went to Toronto, where he acted as collector for a small wood-working firm. A few months later he entered the services of the Imperial Bank of Canada and was sent to Ingersoll as a junior. From there he went to Sault Ste. Marie, then to Rat Portage, now Kenora, where he came into contact with the mining industry. Then he went to Winnipeg and later to British Columbia, later becoming manager at Cranbrook. In 1905 he was chosen to establish a branch for the bank at Cobalt, then a town in the making. He participated in opening up that mining area.

In 1908, when manager at the Sault he was invited to become manager of the Toronto branch of the old Sterling Bank. In four years he became superintendent of branches which position he held from 1912 to 1921. In 1921 he accepted an invitation to become western superintendent for the Bank of Toronto at Winnipeg. He took an active interest in the Winnipeg Board of Trade during his presidency in 1927-28. He also worked hard to direct public attention to the importance of the Manitoba mining areas. In 1928, he returned to Toronto as assistant general manager and in 1933 became general manager.

F. H. MARSH

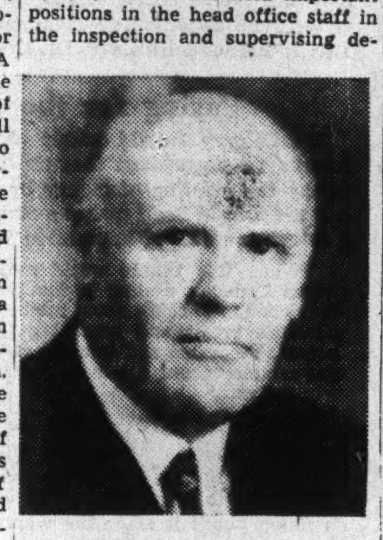
Scot as Vice-President

James L. Carson, now vice-president of the bank is a Scot by birth. For four years he was on the staff of the Royal Bank of Scotland in his native town Sanquhar. But in 1905, when 20 years of age, he decided to come to Canada. With Scottish caution, he made sure his application for a position was accepted before he left his native land. He was posted to the Montreal branch of the Bank of Toronto where he became manager in 1922. Until he came to head office in 1938 as assistant general manager, Montreal was the only office of the bank where he saw service. He was an active member of the Rotary Club in Montreal and is an honorary member of the club at large; is on the executives of the Toronto Board of Trade and the Canadian Chamber of Commerce. He has taken an active part in the war savings campaigns having been Toronto chairman of the first campaign and joint chairman of the second. He is fond of a good game of golf.

J. L. CARSON

Native of Bowmanville

B. S. Vanstone, newly appointed general manager is a native of Bowmanville. There, in 1900, at the age of 16, he joined the staff of the old Ontario Bank. About six months before it was taken over by the Bank of Montreal, in 1906, he transferred to the Bank of Toronto. For many years he has held important positions in the head office staff in the inspection and supervising departments. He was appointed assistant general manager in 1928 which position he held till his present appointment.



B. S. VANSTONE

Quiet and unobtrusive, he is recognized as having exceptionally good judgment in all banking matters. Men who work with him, seek and value his opinions. He knows what is consistent with good banking practice and also knows what cannot be done. He plays a fair game of golf but prefers to regard it as a means of relaxation and recreation. Consequently it does not worry him if sometimes his game is not up to par.

Delay Approval Massey Plan

Common Shareholders' Committee Argues Against Court Approval

Judgment has been reserved by Mr. Justice Middleton of the Ontario Supreme Court on the application of Massey-Harris Co. for approval of the plan of reorganization recently adopted by shareholders.

Approval of the plan was opposed by H. G. Stapells, chairman of the common shareholders' protective committee. He argued that the plan was unfair to common shareholders and gave preferred shareholders an undue advantage. He objected to lack of recent earnings and financial statements from the company and maintained that European assets should not be disregarded with the result that stated value of assets is below real value. He also contended that there were some irregularities in the handling of proxies in such matters as proxies in the names of brokers and those of English shareholders.

On behalf of the company, W. N. Tilley, K.C., maintained that the reorganization plan accomplished what was desirable and which could be attained in no other way. He maintained that photostatic copies of proxies of English shareholders were received and that everything was in order.

$664 Millions Bonds Maturing This Year

Maturing bonds of the Dominion and provincial governments together with their guaranteed issues this year will run over $664 millions, enough to run the Third Victory Loan well above its half-billion objective.

By far the greater part of the total will come from the Dominion government's own maturities of $488 millions, including the $270 millions of floating debt represented by treasury bills. As in the past, the treasury bills, which now amount to $40 millions more than at the beginning of last year, will be replaced by new issues.

Second in line will be Ontario's $88.7 millions, of which $8.9 millions will consist of the 1942 installment on various serial issues. Another $68.3 millions of direct term debt will mature in the year, $19.9 millions of which will be payable in U. S. funds at the holder's option.

$38 Millions U. S.

None of the Dominion or Dominion-guaranteed issues maturing in 1942 will be payable in U. S. funds, but the position of the maturing debt of the provinces is more dependent on the U. S. exchange rate. Alberta has $2.1 millions of the debt it guarantees payable in U. S. funds; British Columbia, $832,000; all of Manitoba's $3¼ millions carries the U. S. option. New Brunswick escapes lightly with $20,000 payable in New York, but Ontario's tally is $24.1 millions, Quebec $1 million, while Saskatchewan may be called upon to pay $7.1 millions of its $10.1 millions of maturing obligations in U. S. currency.

All told, the provinces might be called on to meet some $38,461,000 of their 1942 debts in New York currencies. Figures on the amounts of these obligations actually held in the American investment market are not available, but owing to the fact that the majority of Canadian maturities have been met regularly, the New York market has generally favored the movement of these securities out of Canada and it is highly probable that a larger proportion of these maturities are now actually held in the United States than was the case a year ago. There will thus be a somewhat heavier burden on the Dominion's foreign exchange position than might otherwise have been the case. The load carried by the provincial debtors will not be altered, since domestic holders would almost certainly elect to take payment at the U. S. premium rate.

Payment at maturity date is regarded as assured in the case of almost all the obligations listed. The Alberta obligations of 1942 are not expected to fare any better than those of previous years but the Alberta guaranteed issues which carry guarantees of the Canadian National Railways and the C.P.R. will continue in good standing.

For other provinces where the outlook may be in question, the expected completion of the reciprocal tax arrangements with the Dominion government is believed likely to bring a substantial improvement in outlook which will permit refunding on a more assured basis than was previously possible.

Government Bond Maturities—1942

	$
Dominion of Canada:	
Treasury bills	270,000,000
May 15, 1939, 1½% bonds	95,500,000
June 1, 1937, 2% conversion	60,000,000
Oct. 15, 1934, 3% refunding	40,409,000
	195,909,000
Guaranteed:	
July 1, C.N.R., 2½% equipt.	650,000
Aug. 1, C.N.R., 2½% equipt.	1,430,000
Sept. 15, C.N.R., 2¾% equip.	500,000
Jan. 15, C.N.R., 2%	20,000,000
	22,580,000
Alberta:	
Jan. 15, 4½%	1,250,000
July 1, 4½%	150,000
Sept. 15, 5%	2,948,000
Nov. 1, 4%	53,908
	4,401,908
Alberta Guaranteed:	
Feb. 16, Can. North. Western Ry., 4½% deb. stock	5,424,000
*Feb. 16, Can. North. Western Ry., 4½% bonds	1,000,000
Feb. 16, Edmonton Dunvegan & B C Ry., 4%	7,000,000
*Feb. 15, G. T. Pac. branch lines, 4%	1,153,764
	14,527,764
British Columbia:	
†Apr. 1, serial 4½%	142,000
†May 15, serial 4%	170,000
†June 29, serial 4½%	210,000
July 15, 4½%, P.G.E. deb. stock	14,234,805
July 15, 4½%, P.G.E. 1st mtge.	2,565,195
July 15, 4½%, P.G.E. 2nd mtge.	3,360,000
†Nov. 1, 4½% bonds	310,000
	20,992,000
Manitoba:	
†Mar. 1, 5½%	2,250,000
†Aug. 1, 3%	1,000,000
	3,250,000
New Brunswick:	
Jan. 1, 3½%	12,000
Jan. 1, 3%	2,500
Mar. 30, 4½%	2,000
†May 15, 5%	20,000
Aug. 15, 3½%	5,000
Aug. 16, 3¼%	3,250,000
Nov. 15, 4%	90,000
	3,381,500
N. B. Guaranteed:	
Jan. 1, Southampton Ry., 4%	155,000
Nova Scotia:	
May 15, 2½%	2,500,000
July 1, 3½%	668,800
Sept. 30, 3½%	793,760
	3,962,560
N. S. Guaranteed:	
Mar. 15, N. S. Prov. Exhibition	50,000
Ontario:	
1.—Serial Issues	
*Jan. 15, 4½%	800,000
*Jan. 15, 4½%	403,000
May 1, 2%	1,250,000
*May 15, 4%	543,000
*May 15, 4½%	434,000
June 1, 1½%	1,200,000
*June 1, 4%	468,000
Nov. 1, 2%	1,200,000
*Nov. 1, 4½%	800,000
Nov. 1 2%	1,050,000
*Dec. 1, 4½%	700,000
	8,898,000
2.—Term Issues	
Sept. 1, 5%	70,000
†Oct. 1, 5%	19,948,000
Oct. 15, 2%	7,500,000
Nov. 1, 4¾%	24,800,000
Dec. 1, 5½%	15,393,000
	68,341,000
Ont. Guaranteed:	
Feb. 1, T. & N. O., 4%	120,000
Apr. 1, Ont. Hydro, 2½%	11,000,000
Dec. 1, Niagara Parks, 4%	120,000
U. of Toronto & other approx.	300,000
	11,540,000
Prince Edward Island:	
May 1, 2¼%	100,000
Quebec:	
Mar. 1, 2¼%	10,000,000
†July 15, 3%	1,000,000
Aug. 1, 2%	10,000,000
Nov. 15, 2¼-3¼%	1,970,000
	22,970,000
Que. Guaranteed:	
Oct. 8, St. Sulpice, 2¼%	3,000,000
Saskatchewan:	
†July 1, 4%	4,475,000
July 1, 4%	3,000,000
†Sept. 15, 5%	2,638,000
	10,113,000

*Payable London, N.Y. and Canada.
†Payable N.Y. and Canada.

Foreign Exchange

During the week Jan. 13 to Jan. 19 there was no change in the quotation on the United States dollar at Toronto and Montreal which was $1.10 for buying and $1.11 for selling. The sterling rate likewise was unchanged at $4.43 buying and $4.47 selling. The rate is published daily by the Foreign Exchange Control Board.

Other Currencies, Jan. 19

Australia	3.58	N. Zealand	3.61
India	.3353	S. Africa	4.47
Hong Kong	.2835		

Insurance Company Reports

Confederation Life

The annual report of the Confederation Life Association for the year ended Dec. 31, 1941 shows:

New insurance issued and revived up $8.7 millions.

An increase of $18 millions in insurance in force.

Total assets of $141 millions.

A mortality rate higher than in the previous year but still favorable.

New insurance issued and revived was $58.1 millions the largest amount since 1930. Insurance in force at the close of 1941 was $463.3 millions, the highest level on record.

The mortality rate although about four points higher than in 1940 was but little affected by the war, V. R. Smith, general manager, stated in his address at the annual meeting. War claims in the year he stated accounted for approximately 5% of total claims and for the entire period of the war the proportion of war claims to total actual claims is approximately 3%. The proportion of war claims to the total expected has been approximately 2%. In 1939 gross war claims were $4,764, in 1940, $77,091 and in 1941 $182,709." Mr. Smith added.

The rate of interest earned in 1941 Mr. Smith stated at 4.46% was the same as for the previous year. Among the factors contributing to this unexpected result he mentioned the payment during the year of interest for which no credit had been taken in previous years. The general trend of interest rates continued downward.

The Confederation which gives in its report considerably more information than most insurance companies shows a decline in earned surplus and in operating profits. Expenses have been higher owing to increased tax charges. In 1941 they were $330,000 more than in 1940.

Important items in the financial statement follow:

	1941 $	1940 $
New insurance	58,142,580	49,390,099
Insurance in force	463,289,489	445,087,729
Total income	23,307,961	22,599,105
Insur. prems.	15,554,740	15,065,071
Annuities prems.	1,587,642	1,518,574
Interest, rents	5,848,073	5,609,911
Securs. exch.	317,505	405,548
Policy payments	11,747,619	12,271,571
Death clms., etc.	3,788,884	3,569,660
Endows.	2,467,208	3,051,585
Annuities	1,365,908	1,224,044
Surrenders	3,192,084	3,486,726
Other payments	933,532	939,553
Earned surplus	1,824,875	2,554,991
Operating profit	1,507,370	2,149,442
Assets	141,630,254	135,686,104
Bonds, govt.	80,702,780	74,949,792
Bonds, other	13,549,651	12,620,207
Stocks, pfd.	3,124,086	2,807,628
Stocks, com.	5,281,765	4,802,326
Mortgages	15,773,586	16,401,992
Policy loans	11,991,627	12,626,478
Policy reserves	120,204,029	115,122,408
Funds on deposit	9,789,300	9,127,565
Free surplus	5,144,307	5,055,357
Interest earned	4.46%	4.46%

Habits of Housewives Price Ceiling Problem

In the food lines, critical situations are said to be developing in a number of cases. Increasing troubles in maintaining existing price ceilings on meats, canned fruits and vegetables and dried fruits are indicated. Some close to the trade are offering odds that all of these lines will be removed from the price ceiling before many weeks.

Meats are providing the price control authorities with one of their most violent headaches. Here is one reason.

In warm weather, housewives tend to buy more hind quarter beef, in cold weather, the front quarters (cheaper cuts). Normally this is equalized by price shifts to make front quarter cuts more attractive in summer and the hind quarters more attractive in winter. Price ceilings do not permit this adjustment.

The result is a glut of hind quarters. Packers are now refusing in some places to sell except on the basis of whole carcasses and this the small retailers are unable to handle. Moreover, it is said unusually large quantities of cattle are going across the border to U.S. markets for substantially higher prices.

Expect Many Claims

A new regulation permits retailers to apply for a new, and higher, retail ceiling. Thousands of claims are expected to result.

Another recent rule allows the same percentage of markup on certain seasonal goods not sold in the base period of Sept. 15 to Oct. 11 as was actually obtained by retailers in 1941. This covers a long list of summer clothing, sporting goods, furnishings, etc.

How the Board is going to get around the tendency for goods on which retailers cannot make any profit margin disappearing from shelves is far from clear as yet. One retailer had a retail ceiling of 61 cents a tin on a brand of shortening. His competitor next door had a ceiling of 75 cents. The first retailer's entire stock was soon entirely bought up. But he could not replace this stock at a price bearing any reasonable relationship to his retail price ceiling. The result is this retailer still has the 61 cent price posted, but enquiry reveals he is "temporarily" out of stock.

Substitutions

Another case involves a store with private brands. A brand line woman's nightgown sold in the base period for $1.50. Enquiry for this same line now indicates that it is no longer being made. The customer is offered another line at $1.95, or one of lesser quality under the old name at the same price.

Another department store offered a leading line of women's hosiery at $1.10. Now it is impossible to buy the same quality at this price or under this name, but the customer is offered the previous quality under another name at $1.50 or a poorer quality at the old price and name.

This is apparently a case of substitution or deterioration of quality which can readily ease the price control burden and is obviously hard to combat.

Prunes, according to Canadian Grocer, will have to be subsidized to meet a two cent price rise in California.

Tea is being subsidized to the domestic packers who have to reduce their selling prices to permit retailers to maintain established retail price ceilings. This subsidy, covers only actual capital losses and according to one interpretation does not even cover the packer's cost of selling. Tea is one line where uniform retail price ceilings have been established across Canada with the aid of this subsidy.

In coffee no particular problem has yet arisen, chiefly because retail prices in the base period were quite closely in line with actual replacement costs.

Canned Fish Controversy

Canned herring, sardines, clams, haddock and processed codfish are no longer under the price ceiling. But price ceilings remain on canned salmon, pilchards, oysters, tuna and crab. A. G. Raper says the above situation is probably necessary in view of higher prices in the United States for raw products but maintains the same situation exists on certain lines of canned vegetables and fruits.

He cites the example of the Canadian Government last fall paying about $1.04 net factory for tomatoes for export to England, whereas canners are now called on to supply the same goods at about 95 cents (after domestic discounts) to permit the retailer to hold his price ceilings and to furnish standard grade at five cents a dozen less.

Mr. Raper asks why any concession should be granted on canned herring, sardines, clam and haddock which should not be available on canned vegetables and fruits.

From other sources, The Post is told one result of price control is that B. C. herring canners are not permitted to sell in the domestic market as all their output is held for export to Britain. But at the same time canners of herring from New Brunswick or Nova Scotia are not exporting to Britain and are capturing the domestic market right out to British Columbia and doing this while exempt from price ceilings.

Most of the price control administrative machinery has centred in Toronto where the total personnel of the WPTB numbers 225, including 42 administrators and their deputies. Of these 90% are said to be on loan from their business organizations and serving without remuneration. The Board's Toronto switchboard handles an average of over 3,000 calls daily. All of this organization has been set up in a little over a month.

1882 • Modern for Sixty Years • 1942

If there have been developments in your business connections or in your family circle since you made your Will you will probably feel it wise to review it in this New Year. We suggest that you will find it helpful to consult the practical knowledge of our officers. We invite your inquiries.

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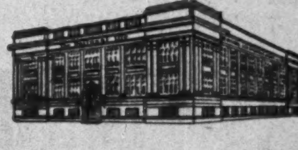
EXPENSE — During 1941, total expenses of operation were reduced for the *sixth* successive year.

SURPLUS — Earnings during the year were well maintained. These earnings were used to write down assets and to strengthen still further the security standing behind the Company's policy contracts.

ASSETS — During the year, total ledger assets were increased to $13,603,606.32. This is the highest total in Company history.

The National Life Assurance Company of Canada



Home Office Toronto — Established 1897

AS I SEE IT...

Scheduled for this issue, will appear in this Publication in the issue of January Thirty-first.

The Editorial Page . .

More Power to Ottawa

It was a foregone conclusion that the provinces would have to fall in line with Ottawa on the Dominion-provincial tax deal. Any provincial government which added to the tax burden by rejecting the Ilsley proposal would be inviting sure defeat at the next election.

But this is a significant move. Despite the avowed intention of restricting the tax shift only to the war and the reconstruction period following it is difficult to visualize the circumstances under which the provinces can ever re-enter the field of income and corporation taxes.

The revision of the British North America Act which is being effected through last week's historic agreement falls considerably short of the proposals of the Rowell-Sirois Report. But if the tax shift becomes permanent, many of the aims of the Report are likely to be achieved automatically.

Direct taxes on income are the largest and most flexible source of government income. Shorn of the power to tap this, no government can long exercise those economic functions which are becoming increasingly one of the main purposes of any governmental system.

Since the provinces were originally intended to protect local interests, it is something of a shock to find so little protest of this reduction in their economic power. Undoubtedly the noisy nonsense of a few small-time politicians is to blame for this apathy. The complete and dismal failure of such a premier as William Aberhart to effect the miracle cures promised in Alberta has tended to outweigh in publicity the excellent work constantly being done by many branches of provincial government.

The Wenner-Gren Lesson

Over a year ago The Financial Post published an article on the Swedish capitalist, Axel L. Wenner-Gren, who had just made the first of what it was hoped would be four annual grants of $10,000 each to the University of Toronto. Last week Mr. Wenner-Gren's name was added to Washington's official boycott list, made up of those individuals whom the state department deems "to be acting for the benefit of the enemy."

The Post article a year ago did much to unmask the mystery of Axel Wenner-Gren. It disclosed his connection with No. 2 Nazi Goering; his aid in settling the Russo-Finnish war; the series of remarkable coincidences which brought his sumptuous armed yacht to the "rescue" of the torpedoed Athenia, into Canada's coastal defense areas and other interesting places.

The Post did not pretend to have enough unfavorable information then about this mysterious figure to justify the step taken by the Washington government last week. But it suggested very definitely that the University of Toronto would be well advised to learn more about the sponsor of a grant for conducting highly important research. There was much ridicule of The Financial Post in University of Toronto circles and the gift was "gratefully accepted" by President H. J. Cody. The second installment of the grant was received with the same sort of satisfaction only a month ago.

The case of Wenner-Gren emphasizes once more that in a critical time like this one must make sure that "gift horses" do not have Trojan bodies. At the very least, the University of Toronto has put itself in a most embarrassing position; accepting gifts from a man whom the U.S. State Department blacklists for aiding the Axis.

Wages and Salaries Not the Same

Because of the simple fact that so-called white collar jobs cannot be classified with the same sharp distinction as in industry, the government order-in-council freezing salaries should not be applied with the same wholesale technique as in the case of wages. Yet apparently this is the government intention.

As a result of the present situation, competitive bidding for white collar workers not only threatens to become much more acute than bidding for skilled labor, but it is threatening to sabotage the dual wages and price control plan.

Since November 28 employers have been prohibited from increasing salaries of men who may be in key positions. With all due respect to the theorists at Ottawa, there is little to prevent a competitor from luring this key man away by a higher offer. Government officials say that this "cannot happen" because in the order an employer is prevented from paying more for any particular job classification, than the general level paid for similar jobs within the industry as a whole.

But this is sheer impracticable theory. The salesman may mean one thing to a firm selling kitchen gadgets from door to door and something entirely different to a firm selling heavy machinery. An office manager in one plant may have an entirely different scale of responsibilities from an office manager in another. A purchasing agent for a small firm would not normally expect the same income as a man who may be responsible for spending millions of dollars yearly. Yet in the eyes of the law, both men in each case cited are salesmen, office managers, and purchasing agents, and as such, to a theorist, each would be in the same general salary class.

One suggestion to overcome this anomalous position was recently made by a business man. It was simply, to prevent an employer who may have outbidded a competitor for the services of an employee from charging into his costs for income tax purposes more than this employee was receiving in his old position.

This idea might be too complicated in application but the broad fact remains that unless something is done, the competitive bidding in the white collar group may grow to disastrous proportions.

Canada's Vital Part

Outbreak of actual war in the Pacific with its consequent restriction on key war supplies from that sphere puts further emphasis on the strategic importance of Canadian raw materials. This point was deservedly stressed by John R. Lamb, president of the Bank of Toronto in his annual address to shareholders of that institution this week. Stated Mr. Lamb:

"The natural resources and primary industries that form the basis of our industrial structure are now being appreciated as never before because the war in some measure represents a struggle for resources of these very kinds and also because it is necessary in the fabrication of war supplies to tap the raw materials that are ready to hand on this continent. Thus the nickel, copper, zinc and other metals produced in Canada have a very important place in war production, and the sum of over $200 millions of new gold annually provides much needed United States exchange.

"The products of Canadian agriculture are also being increasingly valued in a world which, through the using up of reserves and the devastation of great productive areas, is coming nearer to a starvation level. Our stocks are most conveniently located for shipment to Britain. The surplus is small in relation to what the world will need after the war. As for the distant future, there is always the prospect of a freer interchange of goods among all the nations of the world."

Canada's contribution of food and war supplies in the first Great War played an important part in the Allied victory of 1918. But in the much wider struggle we are waging today, and with a more serious scarcity of shipping, our part in this war will be vital. It is quite possible, indeed it is probable, that our contribution of food, war materials and fighting men may prove the decisive factor, hence the stark necessity of every Canadian concentrating on a really all-out effort.

Business Must Speak Out

Canadian business will not attain that position of authority to which it is entitled so long as most of its leaders refuse to be quoted. These authorities lose much more by keeping silent than by speaking out plainly and courageously. And Canada loses too. In his radio address the other evening Rt.-Hon. Arthur Meighen made this important point:

"With all deliberation I say that democratic institutions cannot long survive unless public men proclaim honestly and expound fearlessly what they believe, as the outcome of experience and conscientious thinking, to be for the public good. The temporary results to themselves cannot be considered. Time, though slow in coming, will some day vindicate the right. There is more worth living for in the vindication than there is in office or honors."

Why should the successful businessman be so reticent. He has strong opinions and much experience. The very fact that he remains in business is proof of that. Other groups are not so backward. Mr. Meighen is absolutely right when he says that our very democracy is imperilled by this barrier of silence. Business and industrial leaders of Continental Europe adopted that same policy following the first Great War and look at their ignominious position today.

Individualism Wins in Russia

What does Russia's amazingly successful defense demonstrate? Is it evidence — as so many people are saying — that "there must be something in Communism after all"?

Certainly, one thing it does reveal is the patriotic fervor of a nation when it feels it is unjustly attacked. All through their long history, under Czars as well as today under the ruthless Joseph Stalin, the Russian people have shown an ability to fight with courage and sacrifice in defense of their own homeland. The one exception was when the Communists Lenin and Trotsky took Russia out of the Great War and signed a shameful peace at Brest Litovsk in 1918.

Russia has turned up with enormous quantities of planes, tanks, guns and other war weapons. She has gotten these out of her State factories but not because of Communist methods; in fact quite the reverse. Russia's major industrial plants have for several years operated on the basis of payment of workers according to their skill and the results they achieve. Piece work payment and rewards under the Stakhanovite system have been the rule. This is Individualism and not Communism.

Paying for the War

The Calgary Herald wisely objects to Premier Aberhart's suggestions that the war can be paid for by the printing of money by the government. But the Herald itself makes a statement that gives a rather misleading impression when it says:

"When this titanic world struggle is over, in which Canada's destiny is involved, there will be time enough to think about methods of maintaining Canada's credit and spreading the debt load by honest, honorable and tolerant means. Canada will not repudiate, but the main thing at present is to win the war."

If we do not NOW, during the war, adopt those financial policies that will maintain Canada's credit and "spread the debt load by honest, honorable and tolerant means" it will be too late to do much about it after the war.

That is precisely what Mr. Ilsley is trying to do. There has been little, if any, holding back in our war commitments because of financial considerations. We are spending prodigious sums. We are trying to distribute the burden as equitably as possible; primarily by exceedingly heavy taxes, which are sufficient to cover well over half our total commitments, including aid to Britain. Most of the balance is being raised by borrowing out of the savings and self-denial of the people. These are "honest, honorable and tolerant" means. So long as we continue to pursue them we may be said to be planning for the postwar period as well as for the present challenge.

Editorials in Brief

Some newspapers in featuring income tax tables do not include the national defense levy. This, we think, is a serious mistake. It gives a wrong impression to outsiders who might conclude that Canadians are getting off lightly in this war. It may also cause consternation to a few careless individuals who have made no provision for paying the tax, which if not collected through the employers may be due with income tax on March 31. The N. D. T. no matter how it may be collected is a direct and personal levy exactly like the income tax.

* * *

Recently in the British House of Commons in introducing the majestically enlarged scheme of national service, Churchill and Bevin spoke for an hour and never once mentioned the word "conscription."

They spoke of the "obligation of national service," of the effective mobilization of the human resources of the nation, of the placing of every able-bodied man and woman in positions where they could best serve the war effort.

And that is exactly what is meant by selective compulsory service for Canada.

* * *

Few if any institutions in Canadian business life have seen such a large proportion of their staff enlist in the armed forces as the chartered banks. Morris W. Wilson, president of the Royal Bank, told the annual meeting of shareholders in Montreal recently that over 40% of the male employees under 30 years of age in the Canadian and Newfoundland branches of the Royal had already enlisted.

The banks, with their preponderance of young men on their staffs, face a double problem in this connection. New and untrained help must be secured to fill the gaps and places of those who enlist held open until their return.

* * *

We quite realize that there is a paper shortage looming, but still we doubt the wisdom of Ottawa printing press releases for the United States on both sides of the paper.

Press releases, as every newspaperman knows, are designed for easy clipping and pasting and come in exactly the same category as any other manuscript for publication. These should be written or printed on one side only.

Sending out special press releases on Canada's war effort to the United States, to American newspapers, is an excellent idea, but we are very much afraid that the whole effort will be wasted, including the paper, if the first rule of good copy writing is violated.

—Cartoon by Grassick.

DIVERSIFIED JOBS—BUT BOTH ESSENTIAL

Post-Scripts . . .

"Bits and Pieces"

This week, the "bits and pieces" programme, which, in its conception at least is one of Ottawa's happiest thoughts, got under way on a national scale. Frank L. Jeckell looks from coast to coast at his handiwork—and finds it good.

Mr. Jeckell's official title belies his philosophy. His title is director general of the Industry and Subcontract Co-ordination Branch, Department of Munitions and Supply. His philosophy is; "No red tape."

F. L. JECKELL
—Nakash.

In a nutshell, youthful Mr. Jeckell's job is to see that the maximum use is made, for war production purposes, of Canada's plant capacity. To achieve this ideal, it is frequently necessary to subcontract for parts going into the manufacture of some particular piece of war production. This sounds simple and like so many new ideas, obvious once it has been conceived. But, in the thoroughgoing application it is now being put to, a good many industrialists admit it is new to them. If nothing else about it is new, the information now available at the offices of the branch as to plant capacity idle or semi-idle in various areas of Canada, is new.

The big thing the director-general wants to get across to businessmen is that now there is no need to go through the expense and, it must be admitted, occasional frustration of a trip to Ottawa in order to get war business for their plant. Nor is it necessary to arm themselves with expert knowledge, legal, technical or political. All that is necessary is for a businessman with plant capacity for hire to walk into his district office, at Saint John, Montreal, Toronto, Winnipeg or Vancouver, and bring with him a blueprint of his plant. He will meet at each of these plants, engineers who can talk his language.

Frank L. Jeckell, is a son of the George Allen Jeckell, Commissioner of Yukon Territories and was himself born at Dawson City. A brother, Allen Wray Jeckell, who is well known in mining circles as a consulting engineer, is now serving in the navy. Frank Jeckell went to school in Victoria and later in Toronto. He had a few months at University of Toronto, but left to join a brokerage firm, and later a well-known firm of chartered accountants. Still later he joined a firm of trade association specialists and was manager of their Montreal office when war broke out.

Promptly he volunteered his services, and was given the treasurership of Federal Aircraft. Later he went to Ottawa with Ralph Bell as the latter's executive assistant.

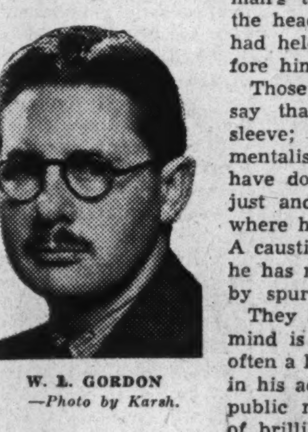
When Harry Carmichael, director general of munitions, to whom credit for initiating the bits and pieces programme, is due, was looking for someone to direct it, he selected Frank Jeckell.

The bits and pieces plan has already borne fruit but now that it is organized, on a national scale, its impact on Canadian war industry is expected to be sizeable.

* * *

Figure Wizard

When Hon. J. L. Ilsley called a press conference last week to announce completion of the momentous Dominion-Provincial tax agreements, he had at his side a young man named Walter Lockhart Gordon. Mr. Gordon didn't need to do much of the talking but he could have pinch-hit admirably for his competent chief because for almost a year he has had chief responsibility in his department for wrestling with this thorny, complex situation. It has been one of the big jobs of national importance in which this brilliant young accountant has assisted since 1939.



W. L. GORDON
—Photo by Karsh.

Walter Gordon is still in his thirties. As a boy he attended Upper Canada College in Toronto. But you won't find his name at the top of any honor roll. It might be nearer the truth to say that exasperated tutors suggested he could better employ his talents elsewhere. He went to Royal Military College at Kingston, graduated in 1926 and hastened to join his father's accountancy firm (Clarkson, Gordon, Dilworth and Nash) and attain his "C.A." degree. He is now a partner in that internationally-famous organization—a distinction which still has precedence (in his mind) over the honors and responsibilities which have come his way since he was commandeered to help set up the Foreign Exchange Control Board in 1939.

During 1940 he returned to his business in Toronto, but in December of that year he was asked once more to come to Ottawa. This time as special assistant to Dr. W. C. Clark, deputy minister of finance.

The Finance Ministry in this country has wide and potent ramifications. It is responsible for such institutions as the Royal Canadian Mint and, of course, the Treasury Branch (which in turn has its own officers and staff in every department of government). It has statutory authority over the Bank of Canada.

But until war broke out, the minister, his deputy and one or two senior permanent officials directed almost single-handed the nation's budgetary and fiscal machinery. Only in the past two years has the small, closely-knit administration been expanded to include such men as Dr. W. A. Mackintosh, the government's number one economic adviser; and Walter Gordon. Both men are designated "special assistants" to the deputy minister.

As well, there is now a slowly expanding group of expert "investigators" —Dr. A. K. Eaton on taxation; R. B. Bryce on financial matters, and more recently Mitchell Sharpe from Winnipeg, and Blyth Taylor, Canadian economist just returned from the United States.

From their offices in the historic East Block come increasingly important decisions affecting the nation's economic and financial wellbeing.

As well as wrestling with the most important deal ever transacted in Canadian public finance, Walter Gordon represents the finance department in other important capacities. He is a member of the Wartime Prices and Trade Board directorate. Last week he was named a director of Commodity Prices Stabilization Corporation. He is a member of the newly formed Joint War Production Committees which sponsored the "no war materials tariff" declaration approved by President Roosevelt and Prime Minister King a few weeks ago.

Mr. Gordon's first introduction to his minister, Hon. J. L. Ilsley, was in 1934. At that time the present finance minister was plain James Ilsley, M.P., common or garden member of the Royal Commission on Price Spreads. Gordon spent a year as a member of his accounting firm helping to throw professional light on the real and fancied inequities of mass buying.

Mr. Gordon has recently rented in Ottawa the late Dr. Skelton's house. He tries to spend one day a week with his own firm in Toronto but finds this increasingly difficult. One of his special interests in Toronto is the industrial management side of accountancy. He is a director of J. D. Woods Co., specialists in this field.

* * *

Poetic Justice

A quick-witted jurist who combines a sense of stern duty with humanity and who likes nothing better than an opportunity to recite poetry has become chief justice of British Columbia— D. A. McDonald.

He is one of many illustrious judges of the Pacific coast province bearing the McDonald name. Indeed, his immediate predecessor was the late M. A. Macdonald and only a few years ago —before the brief term of the colorful Archer Martin—there was another Macdonald, the late Hon. J. A. Macdonald, who held the post for many years.

David Alexander McDonald has had an outstanding career as lawyer and judge extending over thirty years. A native of Ontario, the province that has provided many judges for the courts of Western Canada, he was born in Ekfrid Township in 1877, and went west to British Columbia in 1909.

Previously he had finished his high school education at Glencoe, followed by study at Osgoode Hall. At Toronto University he won his LL.B. in 1905. His law practice began in London, Ont., as a partner of Hon. J. C. Elliott. When he went to British Columbia he first located in Fernie, a mining town which still plays an important role in the coal industry. While there he was a partner of the late Sherwood Herchmer.

Going to Vancouver in 1911 he became associated with C. W. Craig, K.C., and H. A. Bourne. From 1913 to 1922 he continued his partnership with Mr. Bourne and a new firm member, A. D. DesBrisay. He was appointed to the bench in the latter year.

In the Great War the young judge volunteered for service overseas and from 1916 to 1918 he served in France and Belgium as adjutant of the 10th Canadian Railway Troops.

Returning to the Canadian west he was assigned to the Supreme Court and for eighteen years he served that tribunal. Two years ago he was appointed to the Court of Appeal, and when the new minister of justice, Louis St Laurent, chose McDonald for the chief justiceship, he recognized the Vancouver man's talents by promoting him over the heads of several other judges who had held membership in the court before him.

Those who know "Dave" McDonald say that he wears his heart on his sleeve; that he is an outright sentimentalist and proud of it. And yet few have doubted his capacity to render a just and prompt verdict, regardless of where his personal sympathies may lie. A caustic foe of humbug and hypocrisy, he has never been known to be misled by spurious appeals to his emotion.

They also say that Judge McDonald's mind is as sharp as a knife; that it is often a long way ahead of counsel's, and in his addresses from the bench and at public meetings he has shown flashes of brilliant eloquence.

But he seldom misses the chance to lapse into poetry, nor does he ever forget a song once learned. When his predecessor was appointed to the post McDonald now occupies, he delighted a banquet by rising and urging his colleagues to join him in singing a song he had last sung during his college days in Toronto.

Beside his bed is Judge McDonald's soldier's Bible, on the flyleaf of which is inscribed "D. A. McDonald, Ypres, 1917. His Bible, presented to him by Padre Ifor J. Jones, the Little Welshman."

Framed above the bedside table is Kipling's "IF," while about the room are well-thumbed editions of all the classics of prose and poetry.

Someone once asked him how he happened to possess such a phenomenal memory for quotations.

"It's simple," he replied. "For more than 40 years I have memorized every day something either of poetry or prose. And memory is like the blacksmith's arm; it grows strong with use. And time has proved a very great friend. And," he added, "you will never be lonely if you have made good books your companions."

Originally an "Ontario hard-shell Baptist," the judge adopted the denomination of his Presbyterian wife when he went to Vancouver. He is a Freemason.

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Other People's Views . . . . .

The Canadian Editorial of the Week

Compulsory Saving

Winnipeg Free Press

The essence of an anti-inflation policy is the restriction of spending. This is so because war inflation is caused by shortages of goods, coupled with an abnormal amount of purchasing power in the hands of the people. The price and wage ceiling is very valuable in maintaining equity in the price structure.

But the ceiling policy, of itself, does not attack the heart of the problem, which is to reduce the purchasing power in the hands of the people. This is done by the extending use of taxation, but the government has kept up as well a persistent campaign to increase the purchases of war savings certificates. Why should not that campaign be converted into compulsory saving?

Up to now the war savings campaigns have been conducted by voluntary provincial committees which have fairly well exhausted the field that is available to them without doing more than to attain occasionally, as a result of special efforts, the national objective of $10 millions a month.

Obviously there are very many wage and salary-earners who are not contributing in any measure to this campaign; and it is unlikely, in the light of past experience, that a voluntary appeal will ever get much larger results. The voluntary effort has its points, but it is very doubtful if so important a feature of our war policy, both as to revenue obtained and as to its anti-inflationary effect should be left to voluntary choice. It is indeed much more than very doubtful. It is stupid to do so.

What we are doing now is to implement half, or less than half, of our attack on inflation. We have built a dam, in the shape of price control, against which we are allowing a vast and increasing tide of purchasing power to bear relentlessly. We are not taking the pressure off that dam by draining off the purchasing power compulsorily.

* * *

The Mail-box

Industrial Engineering

Editor, The Financial Post:

I wish to congratulate you on the front page article in a recent issue of The Post, and to express hope that you will keep bringing this subject to the attention of your readers consistently.

There is no doubt whatever but that application of the principles of industrial engineering, even half efficiently, to the industrial production of Canada, would effect results astounding to us all, and judging by my own experience, I would say that your estimate of 25% increase is quite moderate.

E. C. Osborne,
Port Hope, Ont.

As Others See Us

We're Puzzled, Too

Dorothy Thompson, the celebrated American columnist, who has been cheered by many Canadians including Prime Minister King, recently wrote in an open letter to this country:

"There is but one fact about your part in our common effort that is difficult for us in the United States to understand. That is, that you have not yet instituted a system of selective compulsory service overseas."

Americans are not alone in finding it "difficult . . . to understand," Dorothy —lots of us in Canada are puzzled, too.

The Financial Post recently took a poll of many Canadian editors and the number of them favoring conscription was in the vast majority. Similarly The Toronto Globe and Mail polled rural Ontario weekly editors and found that 95% thought their districts would favor conscription.

Is it any wonder we're puzzled, too, Dorothy?

* * *

T.C.A. Caught Napping?

Newmarket Era

An article in The Financial Post of Jan. 3, "C.P.R. Builds Mighty Aviation Empire," is worthy of attention. It tells how the C.P.R. which turned down a chance to participate in Trans-Canada Air Lines, has become suddenly aware that a big part of transportation's future is in the air, and "is staking a few million dollars to have a foothold in this industry." The C. P. R. has put its money into the bush-lines of the north, and has apparently bought out practically all independent air lines.

What does this mean? "There will be a struggle for control of the air traffic ways," says The Post. The C. P. R. sees it made a mistake. Not only is air transport, both passenger and freight, becoming profitable, but Trans-Canada Air Lines are feeding the C.N.R. The C. P. R. will use the bush-lines in the same way to feed the C. P. R. and as a bargaining piece to get into the Trans-Canada system. It would look as though the C. P. R. has now caught the C. N. R. and the Trans-Canada napping.

* * *

What the Papers Are Saying

Farm Labor Shortage

Calgary Herald

To conduct a modern war efficiently a tremendous industrial output is necessary, including tanks, airplanes, guns and munitions of various kinds. But food is vitally important, too, for without ample supplies for both soldiers and civilians a successful war effort is impossible.

It would be a mistake if at the present time farm labor needs were neglected and through lack of foresightedness the production of Canada's farms should decline. Already that trend is developing to some degree in Ontario and Quebec and it may extend into the prairie provinces. Many farmers are worrying over the problem right now.

Sayings of the Week

"Lost ground can always be regained, lost time never."—*President Roosevelt.*

* * *

"There's no such thing as junk any more."—*U. S. Price Administrator Leon Henderson.*

* * *

"Canadian-American relations have been a pattern of civilized conduct for the world to follow."—*Brooke Claxton, M.P.*

* * *

"There is a sign by which you may judge an enemy's growing fear—the growing recklessness of his lies."—*General Sir Archibald Wavell.*

* * *

"Canada does not need a referendum (on compulsory service) and unless I am completely misinformed Canada does not want a referendum."—*Elmore Philpott, columnist in Canadian weekly papers.*

* * *

"Most men in organizations who come through a time of difficulty are always better when the crisis is past, so I have no fear for the automobile industry either during or after the war."—*John B. Mansfield, Chairman, Chrysler Corp. of Canada.*

* * *

Stop Me If . . .

"Sorry, madam, but licenses are issued only when your form is filled out properly."

"Why, I like your nerve, sir. We can get married, no matter what I look like."

Beating the Saboteur—What Is and Can be Done

Danger Increases With U.S. in War and War Output Now Great

By WILFRID SANDERS

In the latest year for which figures are available (1940) there were about 47,000 sizeable fires in Canada. Of this number nearly 6,000 were listed under the heading "cause unknown."

How many of these 6,000 were the work of enemy agents?

"I'll bet you at least 1,000 of them were," says one official closely connected with anti-sabotage work in a large Canadian city.

Nobody can check on the accuracy of this estimate, and other fire authorities think it too high.

In Ontario, for example, an official told The Financial Post that since the outbreak of war only one attempt at sabotaging the war effort in that province had been uncovered—and the loss was less than $50. To prove his case he cited the following figures being released this week:

Industrial Fire Losses

	1940	1941
Total losses	$1,201,000	$1,420,000
Amt. insured ..	1,107,000	1,239,000

This shows an increase of only $219,000, not at all commensurate with increased industrial activity.

Whichever point of view is the correct one, all agree that, as the vast gears of Canada's war machine begin to mesh, and production rises, the effort of the enemy agent will be intensified, and his numbers multiplied. On this basis, Canada should just now be entering into her period of greatest danger from the hand of the saboteur. This was true of the last war. In that conflict, acts of sabotage began to be really alarming on this continent during the year 1917, third year of the war, and the year in which war production was really beginning to amount to something.

Moreover, fire and explosion are only two small items on the versatile repertoire of your saboteur. In the last war, for example, there was the attempt of the enterprising Werner Horn to blow up the International Railway bridge at Vanceboro, Maine; the bomb plot against the Peabody Overall Co.'s plant at Walkerville, Ont., initiated by the bungling Von Papen; the attempt on the Windsor Armories; the abortive plot to blow up the tunnel on the C.P.R. between Revelstoke and Vancouver; and the plot to blow up the Welland Canal, to mention only a few.

What are industrialists doing, and what more can they do to checkmate and uncover this enemy within?

A Threefold Fight

Canada's fight against these people is threefold.

There is first the programme of rounding up and interning enemy agents. Secondly the guarding by federal and provincial authorities of many essential services and plants, and thirdly, the special precautions taken by industry itself.

In the latter group, government and police officials believe that one of the most important services industrialists and employers can do themselves and the country is to insist on fingerprinting and/or photographing each and every employee on their payroll, permanent or occasional. Fingerprinting, The Financial Post is informed, is a matter of routine in virtually all large Canadian war plants. A growing number of such plants also photograph their employees, as a matter of routine, and by means of a photographing machine which entails the minimum of effort and great speed.

Fingerprints and photographs are automatically forwarded to the Royal Canadian Mounted Police headquarters in Ottawa, and checked against their well-stocked files.

Very rarely do employees object to such procedure. Of 35,000 men fingerprinted recently, only five objected. It is explained to the employee, of course, that such procedure is for his own protection as much as that of the firm's. He is not under suspicion, and the fact all employees must go through the same ritual proves it.

Watch the Floater

In connection with personnel, it is stressed that it is of utmost importance that the "floater" be watched. A floater is a man who works for a few weeks at this plant, then drifts off to another, and so on. By reporting the coming and going of such men to the police, a valuable service is performed, because it is a simple matter to plot such a man's wanderings against the incidence of sabotage which might occur in the various plants in which he has worked. Cases in which police may be doubtful whether certain breakdowns are sabotage or accident are sometimes clarified by such comparisons.

Industrialists are also warned to examine or have examined their fire fighting equipment from time to time. This should be done at much more frequent intervals than required in peacetime. If, as cited above, any tampering with such equipment is discovered, extra precautions and inspections should, of course, follow, as nullifying such equipment would be the logical first step to firing a plant. At at least one plant, a man is kept full time inspecting extinguishers, sprinkler systems, hose, etc.

Experience has shown, The Financial Post was told, that when some particular piece of key equipment breaks down in a war plant, the odds are against the man operating it having anything to do with the accident. Your skilful saboteur would obviously try his tricks on another man's machine rather than his own.

Another important precaution which all firms on war orders should apply is the very closest examination of all shipments entering the plant. If at all possible, such shipments should all be handled through one channel, and focused on one point where they can be closely scrutinized. Some plants have a man or men employed in doing nothing else but examine such shipments. The idea, obviously, is to prevent explosives, acids, or time devices from being smuggled into the plant.

Unless it is perfectly obvious that the breakdown was due to natural causes, foremen and employers are urged to call in the police in such cases—and as soon as possible after the break-down.

No reference has yet been made to that effective enemy agent, the labor saboteur. This man works by fomenting strikes and disorder; by slowing down production, and spreading unfounded rumors; by spoiling production and wasting materials. He should be closely watched for. The sympathizers and associates of such men should be watched.

Other cases are on record where bacteria, or poisonous substances have been introduced into either the company's product or its raw material supply.

In the main it should be remembered that in fighting the saboteur one is up against an ingenious and well-equipped enemy. He is seldom working on his own volition, or inspiration, and may usually be relied on to be equipped with the latest scientific or mechanical knowledge about his field of operations. He does not reveal, naturally, such assets, and may even cultivate a reputation for "dumbness" or below average mentality.

The Case of Hauffe

Canadian authorities are conforming to a policy of secrecy with respect to sabotage cases in this war. That there have been such attempts is common knowledge but censorship precludes publication of many details. There is precedent, however, for revealing the case of the German, Alexander Woldgang Hauffe, and some point in doing so because it is in many respects typical.

Hauffe, at the outbreak of war, was one of many enemy aliens rounded up and questioned by the Canadian police authorities. Since many such aliens are honest, loyal and industrious, they often are given the benefit of the doubt. Hauffe was such a case. He pledged his honor, in writing, that if he were allowed to remain free and at large, he would do nothing to break the laws of, or do any harm to, his adopted country.

Within two months he was in sabotage up to his neck, and was convicted of having in his possession a letter addressed to the German consul in Seattle, containing information likely to be directly or indirectly useful to the enemy. Actually, he was convicted in connection with a conspiracy to commit sabotage in the plant of Consolidated Mining & Smelting Co. at Trail, B.C.

His pledge of honor was worth as much as that of his leader. The case therefore is typical of how much confidence can be placed in such pledges from followers of the Nazi creed. It is also typical because of the implication that this agent was working through a German consul in United States.

There are more recent cases, such as the one in the Ontario factory, where a fire extinguisher was found to be filled with gasoline. Other fire fighting apparatus has been found plugged with a small metal stopper.

The Week in Business

Canada's railways are usually a good indicator of general business conditions. While rails last year achieved a very high level of activity they are starting out the present year at a pace appreciably faster than was the case a year ago.

Railway carloadings so far this year are 11.6% ahead of the same period a year ago, and gross rail revenues in the first two weeks of the current month were up on 1941 by 13.8% for C. N. R. and 14.4% for C. P. R.

Newsprint production for 1941 was 0.2% higher than the previous year; exports were down 0.9%.

Crude oil imports in November were down 10% from a year ago; in the first 11 months they were up 7.3%.

Shoe production was 31% higher in November than a year ago. In the first 11 months gain was 23.5%.

Raw rubber imports in November were cut to 49% of the November, 1940, mark, but in first 11 months they were up 46.4%.

Trend of business shown by The Financial Post Business Index and key factors follows. New items marked thus ▪.

MONTHLY INDICES

	Dec.	Nov.	Oct.	Sept.	Year Ago
The Financial Post business index	....	•168.0	168.0	167.4	153.4
National Income, D.B.S.•	....	442.3	440.9	446.4	427.7
Retail sales index no.	....	138.6	138.0	136.4	123.0
Dept. store sales index no.	....	138.4	136.5	136.6	128.5
Wholesale sales index no.	....	147.4	170.5	171.2	131.7
Country store (% change pr. yr.)	....	+5.0	+8.1	+11.9	+15.4
Divd. payment index‡	120.3	119.3	118.5	118.7	120.5
COST OF LIVING—					
D.B.S. index	115.8	116.3	115.5	114.7	108.0
EMPLOYMENT INDEX Nos. D.B.S.					
All industries	....	....	165.8	162.7	136.2
Manufacturing	....	....	185.0	181.5	143.8
Payroll index (a) (1937=100)	....	186	189	174	145

	1941-42	1940-41	Jan. 1 to date 1941-42	Jan. 1 to date 1940-41	% Change
RAILWAYS—					
▪Carloadings (week Jan. 10)	56,603	51,703	105,843	94,839	+11.6
▪C.N.R. gross (week Jan. 14) $	5,314,000	4,795,000	10,493,000	9,218,000	+13.8
▪C.P.R. gross (week Jan. 14) $	3,609,000	3,305,000	7,375,000	6,445,000	+14.4
C.N.R. net revenue (Nov.) $	5,719,836	5,524,224	60,347,891	38,733,861	+55.8
C.P.R. net revenue (Nov.) $	5,201,226	5,072,617	40,866,785	30,833,231	+32.5
IRON AND STEEL—(November)—					
Pig iron production (tons)	133,735	109,576	1,215,957	1,058,417	+14.8
Steel ingots and castings prod. (tons)	221,367	176,113	2,193,276	1,825,752	+20.1
AUTOMOBILES—(Number)—					
Passenger Cars:					
Domestic sales* .. (Nov.)	3,385	7,616	79,775	93,014	—14.2
Factory output .. (Nov.)	7,003	10,814	87,394	98,366	—11.1
Trucks and Buses:					
Domestic sales .. (Nov.)	1,782	1,525	32,218	26,618	+21.0
Factory output .. (Nov.)	14,542	12,807	162,724	101,288	+60.7
Financing:					
Used .... (Nov.) $	1,759,330	2,933,677	47,172,521	39,111,863	+20.6
New .... (Nov.) $	1,107,542	2,571,930	33,419,772	30,631,576	+9.1
CONSTRUCTION—					
Contracts awarded .. (Dec) $	19,109,900	16,918,300	393,991,300	346,009,800	+13.8
Cement prod. bbls. . (Oct.)	1,042,685	1,099,092	7,324,025	6,627,710	+10.5
AGRICULTURE—					
Flour prod., bbls. . (Nov.)	1,664,803	1,588,428	18,894,608	15,178,784	+24.5
Flour exp., bbls. ... (Dec.)	930,236	345,611	11,439,191	6,970,902	+64.1
Wheat exp., bush. .. (Dec.)	18,271,042	11,762,411	196,646,340	139,169,671	+41.3
Cattle sales▲ ...... (Dec.)	116,022	86,728	1,239,526	1,149,255	+7.8
Hog sales▲ ...... (Dec.)	799,647	778,911	6,426,990	5,583,942	+15.1
SEA FISHERIES—‡					
Catch cwts.▲ ...... (Nov.)	934,600	907,100	10,421,100	10,487,800	—0.6
Landed value ..... (Nov.) $	1,438,200	886,000	24,489,030	17,122,300	+43.0
NEWSPRINT—					
▪Production, tons .. (Dec.)	300,823	252,897	3,425,865	3,418,803	+0.2
▪Exports .... (Dec.) $	14,042,000	12,394,000	154,356,000	155,877,000	—0.9
MINING AND OILS—					
Coal prod., tons ... (Nov.)	1,825,158	1,878,344	16,360,474	15,895,789	+2.9
Coal import, tons .. (Nov.)	2,795,680	1,460,523	19,915,378	16,703,700	+19.4
Gold rec., fine oz. . (Nov.)	415,265	456,230	4,679,764	4,550,063	+2.8
▪Crude oil, imp. gals.† (Nov.)	150,609	168,003	1,509,261	1,407,107	+7.3
ELECTRIC POWER OUTPUT—(November)—					
Total monthly, 1,000 kw.h.'s	3,183,982	2,524,860	30,224,560	27,495,907	+9.9
FOREIGN TRADE—♦					
Imports .... (Nov.)	$134,190,517	102,283,687	1,322,905,951	979,648,243	+35.0
Exports .... (Nov.)	$164,078,629	118,404,151	1,488,363,429	1,094,506,932	+35.9
OTHER INDUSTRIAL FACTORS—					
Dressed lumber exp.: 1,000 bd. ft. ... (Nov.)	182,495	231,532	2,142,590	2,261,389	—5.2
▪Shoes, prod., pr. ... (Nov.)	2,935,564	2,230,387	29,910,628	24,216,363	+23.5
▪Cotton consump., lb. (Nov.)	16,647,670	16,236,970	182,238,790	175,118,528	+4.1
▪Raw rubber imp. lb. (Nov.)	5,506,997	11,311,687	142,685,655	97,452,005	+46.4
Cigarette cons., No.† (Nov.)	753,932	686,868	7,861,717	6,999,004	+12.3
Sugar manufactured .. lb.§	167,252,019	164,005,409	1,109,532,309	1,050,570,832	+5.6
FINANCE—					
Bank debits† ..... (Nov.) $	3,426,906	3,049,322	35,556,411	31,229,127	+13.8
▪Bond sales† ...... (Dec.) $	92,473	329,809	2,360,181	2,293,415	+2.9
Life insurance sales (Nov.) $	44,984,000	32,899,000	381,743,000	331,490,000	+15.1

•D.B.S. All Canada figure covering 90% of the Canadian Total.
‡Unrevised figures covering N.S., P.E.I. N.B., Que.. B.C.
▲Total at yards and plants. New items for week marked ▪
†000's omitted. §For four weeks to Nov. 29. ♦Gold excluded.
•Millions of dollars. *Preliminary. ‡Supplied by Nesbitt, Thomson & Co.
(a) Compiled by Canadian Bank of Commerce.

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On the Record

To burn, cut, or destroy any tire, tube, or casing is now a criminal offense. Fines up to $5,000 or five years' imprisonment, or both, are provided for any infraction.

Dalton C. Wells, of McLaughlin, Johnston, Moorehead and Macaulay named W. P. T. B. Enforcement Counsel for the Toronto district; **C. W. Brazier**, Vancouver, British Columbia district; **A. A. Carpenter**, Edmonton, for Alberta; **M. H. Fyfe**, Ottawa, for eastern Ontario region; **Raymond Julien**, Montreal, for Montreal region; **Marcel Piche**, Quebec, for Quebec City region; **W. H. Jost**, Halifax, for Maritimes.

I. K. Johnston, general supervisor, Imperial Bank, Toronto, appointed Deputy Foods Administrator W. P. T. B.; **J. J. Page**, vice-president, Western Canada Flour Mills, Administrator, Flour and Cereal Products.

E. J. Chambers, Vernon, B.C., president, Associated Growers Ltd. and of the B.C. Federation of Agriculture, appointed Director of Fruits and Vegetables, Foods Administration. **James T. Steward**, of St. Thomas Metal Signs, Ltd., appointed Director of Steel Stamping and Coated Steel.

R. B. Whitehead, K.C., Toronto, named Supervisor of Regional Offices W. P. T. B.

D. S. Hart, Canadian Industries Ltd., Montreal and **E. W. Carpenter**, Lever Brothers Ltd., Toronto, supervisors of accounting administration, W. P. T. B.

Frank G. Neate, appointed Deputy Coal Administrator; **R. W. Long** from C.N.R., Deputy Administrator of Services; **Leslie T. Calhoun**, Lasalle Coke Co., Montreal, assistant to Coal Administrator; **Ewart T. Griffith**, Stratford, director for harness and saddlery under Luggage Administrator and **Sydney Webster**, Montreal, for cotton waste under Cotton Administrator.

Wishart Spence, lawyer, of Spence, Shoemaker and Spence, Toronto, named Secretary of York Rentals Committee.

Lucien Eli Messinger, Toronto, named assistant to Chairman, Donald Gordon. **George Wilson**, Toronto, Administrator fresh fruits and vegetables; **M. W. McCutcheon**, Toronto, Deputy Administrator of Services; **Clive Planta**, Vancouver, assistant to Foods Administrator; **F. T. W. Saunders**, Toronto, **F. D. Mathers**, New Westminster, **J. S. Eckman**, Vancouver, directors in Foods Administration; **C. H. McDougall**, Toronto, Groceries division director; **G. Stanley Robinson**, Montreal, Retail trade director; **Alfred Savoie**, Montreal, Retail food director; **Thomas E. Cooper**, Brantford, Wholesale trade assistant director; **J. W. Webster**, Toronto, **Gordon R. Hughes**, Winnipeg, **E. D. Donegani**, Vancouver, assistant directors in Cotton administration; **Roy Burroughes**, Toronto, director Retail Furniture.

George A. Eaker, Toronto, appointed director of small leather goods under the Luggage Administrator.

Lawrence S. Hawes, general manager, Rubberset Co., Ltd., Gravenhurst, named director of the brush division under the Furniture Administrator.

J. C. Armer, Toronto, named adviser and **J. A. V. Hooper**, Ottawa, executive assistant, to the Co-ordinator of Metals Administration; **E. J. Laidlaw**, **Ottawa**, administrator, Heating, Plumbing, Air-conditioning equipment, and Supplies; **Arthur L. Brown**, Montreal, electrical wires and cables, etc.; **W. E. Ross**, Toronto, electrical apparatus, machinery and equipment; **Herbert H. Bloom**, Toronto, farm and road machinery, machinery and equipment for municipal services; **Hugh Crombie**, Montreal, plant machinery and equipment; **H. Howard Foreman**, Hamilton, fabricated steel and nonferrous metals. All will operate under **D. P. Cruikshank**, co-ordinator of Metals Administration.

Men's socks are to be made in conservative colors only. Gaudy plaids and multicolored stripes will be discontinued after present stocks are used up.

$75 millions a year in foreign exchange is brought into Canada by the lumber industry.

3,000 trucks for the Army and Air Force have been ordered from Chrysler Corporation of Canada.

A NEW MARKET

In these days of swift-moving events, the economic picture shifts rapidly.

Selling becomes more exacting. Competition keener, and changing markets loom prominently on the business horizon.

Today, one market standing in sharp contrast to all the others is the tremendous area comprising rural Canada.

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Family Herald and Weekly Star
CANADA'S NATIONAL FARM MAGAZINE
MONTREAL CANADA

Apples, Then Grapes, Lead Ontario Fruit Production

Although the production of apples in Ontario during 1941 was down from the previous year they still led all other fruits in value of output, according to a preliminary estimate by the Ontario Department of Agriculture.

In 1941 Ontario orchards produced 614,871 bushels of apples worth $1,242,075 compared with 1940's mark of 783,200 bushels worth $1,304,700.

Grapes were again in second place in dollar value with a production of 22,500 tons valued at $1,189,295. Although the tonnage of grapes grown was less by 2,450 tons, there was an increase in income return to the growers of $265,595. About 70% of the grape crop is purchased by the wineries and the improvement in commercial return was largely due to the increase to $50 from $40 per ton in the price paid by the wineries to the growers.

Peaches Place Third

Third place in the fruit line-up was taken by peaches with production of 670,400 bushels valued at $1,162,848. This was an increase over the 1940 crop of 75,400 bushels and $350,448.

Strawberry production was down from 1940 output of 9,998,000 quarts worth $644,300 to 6,117,950 quarts worth $550,838. Raspberry output showed a similar trend and amounted to 4,057,700 quarts valued at $668,647 compared with 1940's 5,606,700 quarts. Value in 1940 for raspberries, however, was only $538,100.

Invest. Foundation Elects Vice-president

A. K. Cameron, president and managing director of Eastern Steel Products, has been elected vice-president of Investment Foundation Ltd. He succeeds the late H. R. Cockfield. Mr. Cameron is a director of Investment Foundation.

TRENDS IN THE FIELD OF INVESTMENT

Facilities for studying the frequent changes in the field of investment and the status of securities are available to this organization through its branches. These facilities are at the disposal of our clients at any of our offices.

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YOU AND YOUR LIFE INSURANCE ON TWO FRONTS

It is with deep gratification that life insurance companies operating in Canada are able to report to their policyholders the following conspicuous successes on both the home front and the war front in 1941:

$170,000,000 Invested on the War Front

Life insurance has been the largest single subscriber to each of the three war loans. One Hundred and Twenty Million Dollars was invested in the 1941 loan and the total investment now is over One Hundred and Seventy Millions. These life insurance dollars — the savings of policyholders—provide guns, tanks, planes and other implements of war so essential in our fight for Victory.

$165,000,000 Distributed on the Home Front

In war time as in peace time, the benefits of life insurance continue to be extended to the widows, the fatherless and the aged. Last year One Hundred and Sixty-five Million Dollars was paid to policyholders or their beneficiaries, of which over 70% went to living policyholders.

New Record Total of Life Insurance in Force

Never before have the men, women and children of Canada had such a mighty bulwark of financial protection. Their combined holdings in life insurance now total Seven and a Half Billion Dollars.

New Insurance Increased 10%

Despite the unprecedented demands made upon everyone by higher taxation, increased cost of living and war pledges, new life insurance purchased in Canada during 1941 showed an increase of 10% above that of 1940.

1700 Life Insurance Men Enlisted for Active Service

Not only have life insurance men lent valuable assistance in furthering the sale of Victory Loan Bonds and War Savings Certificates, but 1700 have enlisted for active service with Canada's fighting forces. Over 2200 were actively engaged in the flotation of the 1941 Victory Loan and over 8700 are regular pledged purchasers of War Savings Certificates.

Life insurance enters the New Year proud of its long record of over 100 years of service to the people and homes of Canada, and confident that whatever difficulties may lie ahead, it will continue to meet every policy obligation and to provide more security for more people.

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Life Insurance Contest—Honorable Mention—Problem 1

Security for the Young Man

Endowment at 65 With Annuities Suggested

The Financial Post in this issue starts publishing the entries in its insurance contest which won Honorable Mention. The programme suggested by Ralph F. Mindell published herewith is for a "young unmarried business man in his 20's with a total income between $1,500 and $2,000 a year and with excellent prospects. Ambitious, conscientious, healthy. Is saving some money but has no capital and no prospects of inheriting any. Must make his own way in the world."

Mr. Mindell was born in New York City 30 years ago. With his family he moved to Winnipeg when two years of age and was educated there. He joined the sales staff of the Canada Life at Winnipeg in 1936 and has concentrated on selling savings plans to young men. In 1941 he sold 75 contracts on this approach. He is taking the Chartered Life Underwriters course.

RALPH F. MINDELL

By RALPH F. MINDELL
Canada Life Assurance Co. at Winnipeg

Every young man, early in his financial life, should plot out the broad outlines of the course he intends to travel. He does not always achieve the goal he originally sets for himself, but he must try.

Many young men overestimate chances for success. Or is it that their ideas on what constitute success are so completely wrapped in the notion to "make a million?" Fortunately for them, nature has a way of rubbing off the corners, and with the passing years a truer picture of what they want, and what they can reasonably expect, begins to take shape.

$150 a Month

I am 26 years of age and have what I consider a good income — $150 a month. I am told, and believe, that I have excellent prospects for the future. I am single, have no one dependent on me. As I have no capital, or prospects of inheriting any, I recognize that only through my own endeavors will I achieve the success I seek.

That success is not to make a million. I hope some day to marry, to have a home and a family, and to provide for them to the best of my ability. I want a place in the community, to lead a decent, orderly life, and, above all this, to be able some day to make an easy and graceful transition from active financial life to retirement, without appealing to the pity or generosity of the city I live in or to the friends I have.

It was Samuel Johnson who said: "The first years of a man must make provision for the last." Now was the time for me to decide whether I was to be one of those who would say: "I wish I had saved," or one of those who could say: "I'm glad I did save!"

In setting out to investigate ways of providing for the future, I did not immediately walk into the nearest insurance office and ask for a certain number of thousands of a certain type of contract. The average person thinks of insurance as just that, and not in terms of types of contracts suited to different purposes and needs.

Until recently, I have been doing all my saving in the bank, and found it a highly unsatisfactory method for other than current saving. As quickly as the figures in my bank book mounted, so quickly did I succumb to the blandishments of the salesman with a new car, or the salesman with a radio for the new car, or the thousand-and-one things that salesmen sell and young men consider indispensable to good living.

Spending Vs. Saving

I realized the plans I had been using were spending plans and not savings plans at all. I saved all right —for the car, the trip, the clothes I needed or wanted—but what about that tomorrow when I could not or would not want to work? When I would want to retire from active life with the assurance of peace and security for the rest of my days? That was no closer to realization. Funds in the bank were too easily accessible, and besides there was no motivation to make regular deposits. After all, next week there would be another cheque. I was spending not only that which I earned today, but also that which I owed to the future. I was robbing the old man I would some day be for unnecessary pleasures that would in little or no time be meaningless.

I have often heard old men say: "If I were young again, I would do so-and-so! If I were young again, I wouldn't make such-and-such a mistake!" Well, I was determined not to join their mournful numbers at any time.

Importance of Income

About this time I had become conscious of the word "income"; having enough money to last as long as you may live. I discovered that it would take $60,000 in the bank at 2% to earn an income of $100 a month. What chance have I, not so much of earning $60,000, but of keeping it until I need it? Not much, I told myself.

For a time I shopped around in the world of stocks and bonds. A friend, who earned his livelihood at this business, served as my guide. He did not have the word I was searching for—the word "security." He had such words as "speculation," "should be worth," "can make you rich," but not very much about "security." There was no assurance that at retirement my holdings in stocks would be at their peak value and would stay there as long as I had need of them. The rapid drop in supposedly safe stocks during the recent depression was still fresh in my mind. I had read too much about those "millionaires one day and beggars the next" to want to follow that course. I knew that several times in my life I would have to take my financial security in my hands and go out into the marketplace, searching and hoping for holdings just as good as those I had. And what about the danger of a flyer in some "sure thing?" No, I was further away from security than I had been when saving my money in the bank.

Just about this time an insurance salesman came along. I felt he was trying to sell me something I did not want to buy. I had time for protection. No one would suffer if anything happened to me. No, I had no use for insurance just yet.

Income for Life

Then, he talked about an assured income for life, about building a retirement fund gradually and painlessly from my current earnings. He told me what I owed to the old man I would one day be. He told me about large sums men had earned in their active years, and then cited cases familiar to me by name—men who had earned fortunes and today were penniless. They had lived for tomorrow, but had provided nothing for tomorrow with which to take care of them when they came to it. He used one phrase I liked then and do now: "Sending my dollars ahead to await my coming." He told me that all I could salvage from my youth for my old age was money. Youth would pass, strength would ebb, and all that I could do to offset these losses would be to set aside sums of money to provide for me when I grew old. Yes, I agreed with him that I could put away $5 a week. Then I asked him what he called this plan, and he said it was an endowment at 65 with annuity options.

Ordinary or Endowment

At this time, a friend with whom I discussed this said that he would have nothing but ordinary life, as far as he was concerned. Cheap protection was the thing. But my insurance man showed me that cheap protection could be the most expensive in the long run. The difference in cost between ordinary life and endowment at 65 at my age was negligible, but the difference in ultimate cash was tremendous.

Another friend said: "Ask him for without profit insurance. Why should you pay extra money to the company for nothing?" By past records my insurance man showed me, I realized that buying without profit insurance was a vote of non-confidence in the future of this country, and a ridiculous lack of faith in the management and ability of a concern in which I was about to invest a good portion of my future earnings.

As to protection, I would have a reasonable amount right away, at less cost than I could ever hope to buy it for again and at a time when I knew for certain that I could secure it. In the future, when the family I hope for comes along, by simply adding the family income rider to the insurance I will then own, I can, for a nominal sum, make my family's formative years secure.

With my first deposit under this plan I have created an estate of over $11,000, which is far greater than any amount of cash I could hope to accumulate in years. As circumstances permit and my income justifies, I hope to add to these savings.

A poet said: "The best laid plans of mice and men . . . ." That is possible, too, but at least I will have the satisfaction of knowing that they were the best laid plans, and not some sketchy, inadequate arrangement which never had a chance to succeed.

NOTICE

NOTICE is hereby given that the Dominion Insurance Department has granted Certificates of Registry Nos. C-774 to C-778 both inclusive authorizing New York Reciprocal Underwriters, Individual Underwriters, American Exchange Underwriters, Affiliated Underwriters and Metropolitan Inter-Insurers to transact in Canada the business of Inland Transportation Insurance, in addition to the classes for which they are now already registered.

V. W. GERRISH,
Chief Agent for Canada.
December 16, 1941.

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FIRE and AUTOMOBILE INSURANCE

Banking

Little Service Charges Help Bank Earnings

Increased activity in general business due to the war is contributing substantially to the income of banks through service charges. These are the small charges made by the banks for operating an individual account, accepting deposits, paying cheques, collecting accounts or transferring money from one place to another.

Up to a few years ago many of these services were given free by the banks. For instance, no matter how many cheques a depositor might cash, no charge was ever made for them.

Time means money and the banks decided that if a customer's account took too much of the staff's time, the depositor should pay the extra cost.

One of the main considerations was the extensive use of savings accounts by depositors to pay current bills.

War Incomes a Factor

Since the war, increased earnings have affected bank revenues from this source in two different ways. In some cases the larger incomes have made it possible to keep accounts up to the minimum monthly balance and if only the authorized number of cheques are used, there is no revenue for the bank. In other cases increased incomes have resulted in increased spending and so many people are going over the number of cheques they are allowed free.

Current Accounts

In current accounts, more active business has caused a larger turnover of demand deposits with increased revenue to the banks.

The banks in their annual statements give no indication of the proportion of their revenues derived from loans, investments or services. But in the aggregate it is understood that revenue from service charges is quite substantial, offsetting to some extent lower interest rates available in recent years.

Bank of Canada Deposits Drop

Decrease of over $51 millions in investments is shown in the statement of the Bank of Canada for the week ended Jan. 14. This was the main change on the credit side of the statement. Holdings of sterling and U. S. exchange were up over $2 millions while miscellaneous assets were down about $1.4 millions. The net result was total assets of the bank were about $50 millions lower. The decline in investments was mostly in short term issues.

	Jan. 14 1942 $	Jan. 7 1942 $
Liabilities		
Capital paid-up ..	5,000,000	5,000,000
Notes in circ.	482,597,437	490,151,285
Rest fund	3,722,910	3,722,910
Depos.: Dominion	60,862,364	93,405,467
Banks	190,731,610	200,392,597
Other	6,607,151	6,562,724
Total deposits	258,201,125	300,360,788
All other liabs. ..	8,592,087	8,854,115
Total liabs.	758,113,559	808,089,097
Assets		
In sterling & U. S.	228,084,006	225,336,160
Subsid. coin	351,623	341,853
Investments:		
Dom. gov. short	314,930,107	365,505,796
Other Dom. gov.	204,865,375	205,630,807
Total invest.	519,795,482	571,136,603
Premises	1,764,077	1,763,910
All other assets ..	8,118,371	9,510,572
Total assets	758,113,559	808,089,098

Insurance Company Reports

Canada Life

Highlights of the annual statement of the Canada Life Assurance Co. for 1941 are:

An increase in new insurance effected.

Expansion in total business in force.

A gain in total assets.

Net premium income slightly lower.

Total income up due mainly to increase in dividends, interest, etc.

New insurance written during the year, exclusive of non-renewable group insurance, was $65.8 millions, up $3.5 millions. If this item were included, to put the figures on a basis comparable with the previous year, the total would be $76.3 millions, an increase of 23%, S. C. McEvenue, general manager, noted in his address at the annual meeting.

In Canada, the year's sales of ordinary life insurance showed a gain of 26% over 1940. In the United States they were 22% higher. A decline was shown in sales in the British Isles.

Business in force, excluding annuities, now stands at $815.4 millions an increase of nearly $10 millions for the year.

Factors contributing to the increase in business in force were a favorable mortality experience, and further improvement in lapses and surrenders. Only twice in the last 10 years has the percentage of actual mortality to the expected been lower than in 1941.

Principal repayments on mortgages were the highest in 12 years.

Total assets at $284.6 millions were up more than $9 millions on the year.* The rate of interest earned on invested assets was 4.21% compared with 4.14% in the previous year.

	1941 $	1940 $
New insurance ..	†65,853,594	62,000,586
Business in force.	815,470,716	805,704,918
Total receipts	39,864,055	38,884,917
Net prem. inc. ..	25,719,477	26,042,209
Int., rents, etc. .	11,218,182	10,547,010
Other funds	2,926,395	2,297,696
Policy payments .	22,956,250	23,594,690
Death clms., etc.	7,101,988	7,307,326
Matured endows.	4,798,152	4,114,399
Surr. values ...	4,038,140	4,879,183
Policy divds. ...	2,616,850	2,887,195
Annuity payts. .	4,401,118	4,406,584
Assets	284,617,288	275,583,490
Govt. bonds ...	150,186,825	134,911,792
Other bonds ...	39,627,792	36,880,606
Mortgages	43,959,719	45,841,770
Pfd. stocks	6,877,628	7,125,903
Com. stocks	3,907,998	4,082,608
Policy loans ...	18,782,724	20,667,440
Policy reserves ..	245,352,850	239,438,203
Conting. reserves.	2,000,000	2,000,000
Div.'s. etc., on dep.	12,639,143	11,245,659
Free surplus	7,008,468	6,504,245
Interest earned ..	4.21%	4.14%

†If non-renewable group insurance is included to put the figures on a comparable basis with last year, the total is $76.4 millions, an increase of 23%.

Imperial Life

Important changes shown in the annual statement of the Imperial Life Assurance Co. for 1941 are:

An increase of $3.6 millions in new insurance paid for during the year.

Expansion of the business in force to $310 millions.

A gain of $4.5 millions in assets.

New insurance paid for during the year totalled $26.4 millions, while in addition, assurances and retirement annuities amounting to $868,810 were revived.

The gain in business in force was $7.6 millions over the year preceding. Other annuity contracts in force including group annuities number 510 providing annual payments of $470,242.

Total assets were $100.6 millions. Breakdown of the assets shows an increase in the holdings of bonds and debentures. Stocks also are slightly higher. Holdings of mortgages and policy loans were both lower.

The rate of interest earned on all invested assets during the year averaged 4.20%. As 68.01% of the company's investments are in high-grade bonds, largely government bonds, the rate, must be considered satisfactory, says J. F. Weston, president, in his annual report.

Premium income during the year was $9.9 millions, while payments under policy contracts were over $7 millions. The rate of mortality experienced during the year was satisfactory, the report states.

	1941 $	1940 $
New insurance ..	*26,403,675	22,760,877
Insur. in force ..	310,460,303	302,773,699
Total receipts	15,742,607	16,278,206
Net prem. inc. .	9,968,824	10,401,679
Int., divds., etc.	3,970,903	3,785,742
Other funds ...	1,802,876	2,090,783
Policy payments .	7,097,697	7,898,415
Death clms., etc.	2,353,744	2,615,400
Matured endows.	1,219,348	1,255,519
Cash surrenders	2,091,380	2,490,159
Policy divds. ..	1,223,142	1,354,762
Annuities	210,080	182,572
Assets	100,684,636	96,177,798
Bonds & debs. .	66,619,860	60,830,609
Stocks	4,814,536	4,758,021
Mortgages	8,930,715	9,895,878
Policy loans ...	10,868,276	11,474,985
Policy reserves ..	78,584,789	75,438,078
Conting. reserves.	1,000,000	1,000,000
Amts. on deposit .	9,226,525	8,565,854
Free surplus	3,219,957	3,065,072
Interest earned ..	4.20%	4.25%

Manufacturers

Features of the annual report of the Manufacturers Life Insurance Co. presented at the annual meeting in Toronto last week were:

A gain of 19% in new business written over the previous year.

An increase of 4.5% in total insurance in force to a new high level at $632 millions.

Expansion of $15 millions in total assets.

New business written in 1941 was $60.1 millions. Of the total $23.5 millions or 40% was effected in Canada, J. H. Lithgow, general manager, told the annual meeting. This exceeded the new business written in Canada in 1940 by 17½%. New business in the United States at $19.5 millions was 32% of the total.

Business in force reached a new high level at $632 millions, a gain of $27.5 millions. This was the largest gain since 1929.

The termination rate during 1941 showed some improvement. Lapses and surrenders during the year were $5.2 millions lower than in 1940.

The company's income increased during the year more than $4 millions to $39.5 millions.

Total assets passed the $200 millions mark and now stand at $205 millions. Holdings of government bonds increased $13.5 millions during the year.

Highlights of the financial statement follows:

	1941 $	1940 $
New insurance ..	60,131,339	50,321,495
Insur. in force ..	632,033,121	604,571,850
Total receipts ...	39,447,640	35,152,615
Net prem. inc. .	26,150,224	24,137,727
Interest, etc. ...	8,497,887	7,614,233
Other funds ...	4,799,527	3,400,652
Policy payments .	15,455,330	15,477,022
Death claims ..	4,583,628	4,302,457
Maturities, etc..	8,917,048	9,080,443
Policy divds. ...	1,954,653	2,094,121
Assets	205,003,438	190,068,352
Govt. bonds ...	105,246,446	93,016,819
Other bonds ..	27,565,779	24,498,081
Mortgages	24,155,475	25,569,814
Pfd. stocks	3,504,698	2,905,435
Com. stocks ...	7,631,595	7,822,264
Policy loans ...	18,948,813	19,380,316
Policy reserves ..	170,941,065	158,774,147
Conting. reserves.	3,500,000	3,250,000
Divids., etc., on deposit	9,145,894	7,836,850
Total surplus	6,101,202	5,509,200
Interest earned ..	4.51%	4.45%

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THE MANUFACTURERS LIFE INSURANCE COMPANY
HEAD OFFICE - TORONTO, CANADA
Established 1887

FINANCIAL STATEMENT FOR THE YEAR ENDING 31st DECEMBER, 1941

ASSETS

BONDS		
Government and Government Guaranteed Securities	$79,832,981.74	
Municipal and other Public Body Securities	25,413,465.30	
Public Utility Bonds	16,589,871.83	
Other Corporation Bonds	10,975,908.22	
		$132,812,227.09
PREFERRED AND COMMON STOCKS		
Preferred Stocks	$ 3,504,698.59	
Common Stocks	7,631,595.62	
		11,136,294.21
FIRST MORTGAGES ON REAL ESTATE		
Urban Properties	$18,791,347.86	
Farm Properties	5,364,127.95	
		24,155,475.81
LOANS ON THE COMPANY'S POLICIES		
Loans made to policyholders on the security of their policies in accordance with the provisions of the Company's policy contracts		18,948,813.59
HEAD OFFICE PROPERTY, OTHER REAL ESTATE AND SALE AGREEMENTS		
Head Office Property	$ 825,000.00	
Other Real Estate	4,535,641.01	
Sale Agreements	1,453,248.16	
		6,813,889.17
CASH ON HAND AND IN BANKS		4,951,253.40
TOTAL LEDGER ASSETS		$198,817,953.27
OTHER ASSETS		
Interest due and outstanding	$ 57,873.79	
Interest accrued but not due	2,261,805.95	
Deferred and outstanding premiums	3,866,005.38	
		6,185,485.12
		$205,003,438.39

LIABILITIES

POLICY AND ANNUITY RESERVES	
The actuarial liabilities of the Company in respect to its policy and annuity contracts	$170,941,065.00
DEATH AND DISABILITY CLAIMS AWAITING PROOF	
Claims of which the Company has received notification but for which the necessary documents are not yet complete	1,465,957.56
PROVISION FOR UNREPORTED DEATH AND DISABILITY CLAIMS	
A reserve fund for death and disability claims which may have occurred during the current year but notification of which has not been received by the Company	500,000.00
FUNDS ON DEPOSIT	
Policy proceeds and dividends left on deposit with the Company by policyholders and beneficiaries and accrued interest thereon	9,145,894.19
RESERVE FOR DIVIDENDS TO POLICYHOLDERS	
Policyholders' dividends to be paid during 1942 and provision for accrued dividends under quinquennial and other deferred dividend policies	3,700,000.00
OTHER LIABILITIES TO POLICYHOLDERS	
Amounts deposited for payment of future premiums and miscellaneous credits to policyholders' accounts	4,266,502.92
STAFF PENSION FUNDS	
The accrued liability of the Company in respect to the pension funds to which the Company and its employees jointly contribute	1,629,181.66
GOVERNMENT TAXES ACCRUED	
Provision for Federal, Provincial and State taxes payable in 1942	525,908.00
SUNDRY LIABILITIES	
Accrued rents, salaries, commissions, agency balances, etc.	708,017.42
SHAREHOLDERS' FUND	
Fully-paid capital stock of $1,500,000 plus balance standing to the credit of the Shareholders' Account	2,519,709.38
CONTINGENCY RESERVE	3,500,000.00
SURPLUS	6,101,202.26
	$205,003,438.39

J. H. LITHGOW,
General Manager.

AUDITORS' REPORT TO THE SHAREHOLDERS AND POLICYHOLDERS

We have audited the accounts of the Company for the year ending 31st December, 1941. We have verified the Cash and Bank Balances and the Securities (valued within the requirements of the Dominion Government) and have accepted the report of the Company's Actuary with respect to the policy reserves and liabilities to policyholders, subject to which we report that in our opinion the Cash Account and the above Balance Sheet exhibit a true and correct view of the Company's affairs at 31st December, 1941.

CLARKSON, GORDON, DILWORTH & NASH,
Chartered Accountants.

Toronto, 13th January, 1942.

BOARD OF DIRECTORS
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F. G. OSLER
Vice-President
C. S. BAND
A. L. BISHOP
G. H. CASSELS, K.C.
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J. H. LITHGOW
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Field Marshal Lord Ironside Writes— 'We Must Hold Singapore'

In This Article Written for The Financial Post, a Famous General Explains the Broad Strategy of Allied Warfare—and of Victory

By FIELD MARSHAL LORD IRONSIDE

LONDON.—The first requisite for winning a war is to be ready for it when it comes. Once a war has begun, making up for lost time is a terribly hard business.

Unfortunately, democracies get ready for war most unwillingly, and we in the British Empire have the added disadvantage that, being so scattered geographically, we take time to concentrate our strength.

In the far east we have once more been thrown on the defensive by the Japanese attack. Although the menace of this attack hung over us for a long time, the Empire was so heavily engaged elsewhere, that we had to take many risks, and the Japanese have gained great initial successes as a result of our weakness.

We are, however, allied with China, the U.S.A. and the Netherlands in this struggle, and our task is to hold on with all we have, and with grim determination, until we can concentrate our enormous but scattered forces. Distances are measured, in this new theatre of war, by thousands of miles and time is required to gather our energies. We have a unified command, and there is a clear understanding of the need for haste.

The Japanese are carrying out the most difficult of all operations—an overseas campaign with long and exposed communications. Until we have our naval and air forces on the spot, we cannot attack these communications, upon which all Japanese landings depend. China is our main land ally in the east, just as Russia is in the west, and we must ensure the free flow of war material to her army by the Burma Road, so that she may engage as large a Japanese force in China as possible.

Singapore is hard beset, but it is vital to maintain, as a gateway for our future action. Without Singapore, our offensive which is eventually essential will be more difficult and slower in getting under way.

Reinforcements are pouring in, and our men are fighting well.

There is no need to cry that the naval base is gone.

The principle of imperial strategy is simple in itself. Each portion of the Empire must have sufficient forces available to put up a local defense until the other portions can come to its assistance. As a rule, however, our great wars have been fought to meet the menace of attack before it has taken place. They have been fought against aggressors who have upset the balance of power in the world and who have made no secret of their intention to attack the Empire where and when they can. In the past we have been so engaged with Napoleon and William II and we are now so engaged with Hitler and the Japanese.

We have not fought alone in these wars, but have had allies of varying degrees of strength. In this war we started with an ally, France. We are now allied to two of the strongest powers with whom we have ever fought in consort — Russia and the United States.

Navy Is Chief Might

Roughly speaking, our main contribution has always been our naval power—to which may now be added our air power—combined with the supply of material and money. Our land forces have been limited, outside local defense of the Empire, to a size sufficient to keep our allies in the field till victory is won. In the Peninsular War a small army sufficed. In the late war, we had by degrees to raise a gigantic army to keep France in the field. It was we who carried the main weight of the struggle in the latter half of the war, and it was our offensive power which enabled Foch to carry his plan into effect.

In this war we started once more with an Expeditionary Force in France. A force relatively smaller, less well-equipped and less highly trained than that of 1914. The reason for this may seem obscure. But there were many in authority, both civil and military, who opposed the sending of an Expeditionary Force, deeming that once it landed, there would be a constant demand for its reinforcement by the French. Our imperial strategy, which lay elsewhere, would thus be hampered from the start.

We may well ask ourselves, however, whether there would have been a combined declaration of war against Germany when she invaded Poland, had we not engaged ourselves to back France with an army.

And there was another reason for the weakness of our land forces generally. Popular opinion, fanned by popular writers, had crystallized a trend of thought against the army. So much so that the army had fallen into disrepute. This thought can be summarized under a few simple headings:

The nation could not afford to keep up three services. The air force was the most important of the three, and was capable of taking over many of the duties hitherto performed by the other two services.

An army was of little use in modern war because its operations must lead inevitably to a deadlock.

That an enemy's will and means to make war could be destroyed most successfully by air bombardment.

That defense was better than offense.

The phrase "right out of the pages of a novel" is common. But Field Marshal Lord William Edmund Ironside reversed the process. His intimate friend Lord Tweedsmuir molded his fictional hero, Richard Hannay of "The 39 Steps," and "The Three Hostages," around the lights and shadows of the massive 6 foot 4 inch Ironside.

Son of an Aberdeen surgeon-major, Ironside joined the Army at 19, went to German Southwest Africa in the intelligence service, actually served with the Kaiser's forces in the German Herero campaign for two years. In the Great War he started as a captain, was the first British officer to set foot on French soil after the war's start.

Ideas on how Great War I should be conducted made him a nuisance at G.H.Q. Sent home to England, he was promptly snapped up by the Canadians who gave him command of a brigade of infantry with the Fourth Division. Ironside emerged from the war a Major-General, with a D.S.O. and Knight Commander of the Order of the Bath. In 1919 he was knighted.

At war's close, Ironside was sent to retrieve the Archangel expedition, and from there he travelled on to see service and fighting in Asia Minor, Persia and the northwest frontier of India. In the meantime he managed to pick up a general knowledge of 20 languages, 12 of which he speaks fluently.

In 1922 he was appointed head of the British Staff College, being at 42 the youngest man ever given this post. For four years he served here, later became Commander-in-Chief of the Eastern Command in England. In 1938 Gibraltar welcomed the now well-known "Big Bill" as its Governor and Commander-in-Chief.

When this war broke, Ironside, as Chief of the Imperial Defense Staff, was second in command, and on his shoulders fell the task of arranging the transport of the British Army to France.

In May, 1940, Ironside was replaced by Gen. Sir John Dill and given command of home defenses, a post from which he has retired. He has been promoted to the rank of Field Marshal. Last February he became a baron.

As a result of years of doubt and uncertainty, our regular and territorial armies had not been recruited up to strength, there were no armored units, and our small air force had had little training in the direct support of the army. Both ourselves and the French were imbued with the defensive spirit and meant to depend upon fortifications to prove to the enemy that he could not win, by letting him destroy himself in expensive attacks against our lines.

The truths and the fallacies contained in the popular trend of thought have been clearly exposed. Neither the navy nor the army can operate without sufficient air support. The air force cannot fight a war to completion on its own. Victory can only be won by offensive action carried out under proper strategic conditions.

In this war there were three supremely important areas in the Empire. First, the United Kingdom, the main arsenal and chief source of man power of the Empire. Second, the Suez Canal, the geographical centre of the Empire. Third, Singapore, the gateway to the Far East.

Time has been kind to us in allowing us to strengthen these areas. The months which passed before the Germans attacked in the west, and while the French army existed, gave us a chance to concentrate. Imperial defense is exemplified by the fact that we have the Canadians in the United Kingdom and the Far East, and the Australians, New Zealanders, South Africans and Indians in the Middle East.

The defense of the United Kingdom has developed by slow but sure degrees into a highly organized machine. While the navy has guaranteed the transfer of troops, material and food, and aided by the Coastal Command of the R.A.F. has ensured their arrival in home ports, the responsibility for air defense has been assumed by the R.A.F. Fighter Command under which is all the A.A. Artillery.

The Battle of Britain proved the superiority of our air defense during the days succeeding Dunkirk. The army has now been equipped and trained so that it can assume the offensive against any enemy landings from sea or air. The whole time, the R.A.F. Bomber Command has kept up its steady offensive, not only against the war resources in Germany, but also against all preparations for invasion that the enemy has made along the coasts opposite us.

In the Middle East, as our forces gathered strength, we had first defensive and then offensive action. To the north, elbow-room was cleared by the pacification of Iraq and Persia and the elimination of Syria.

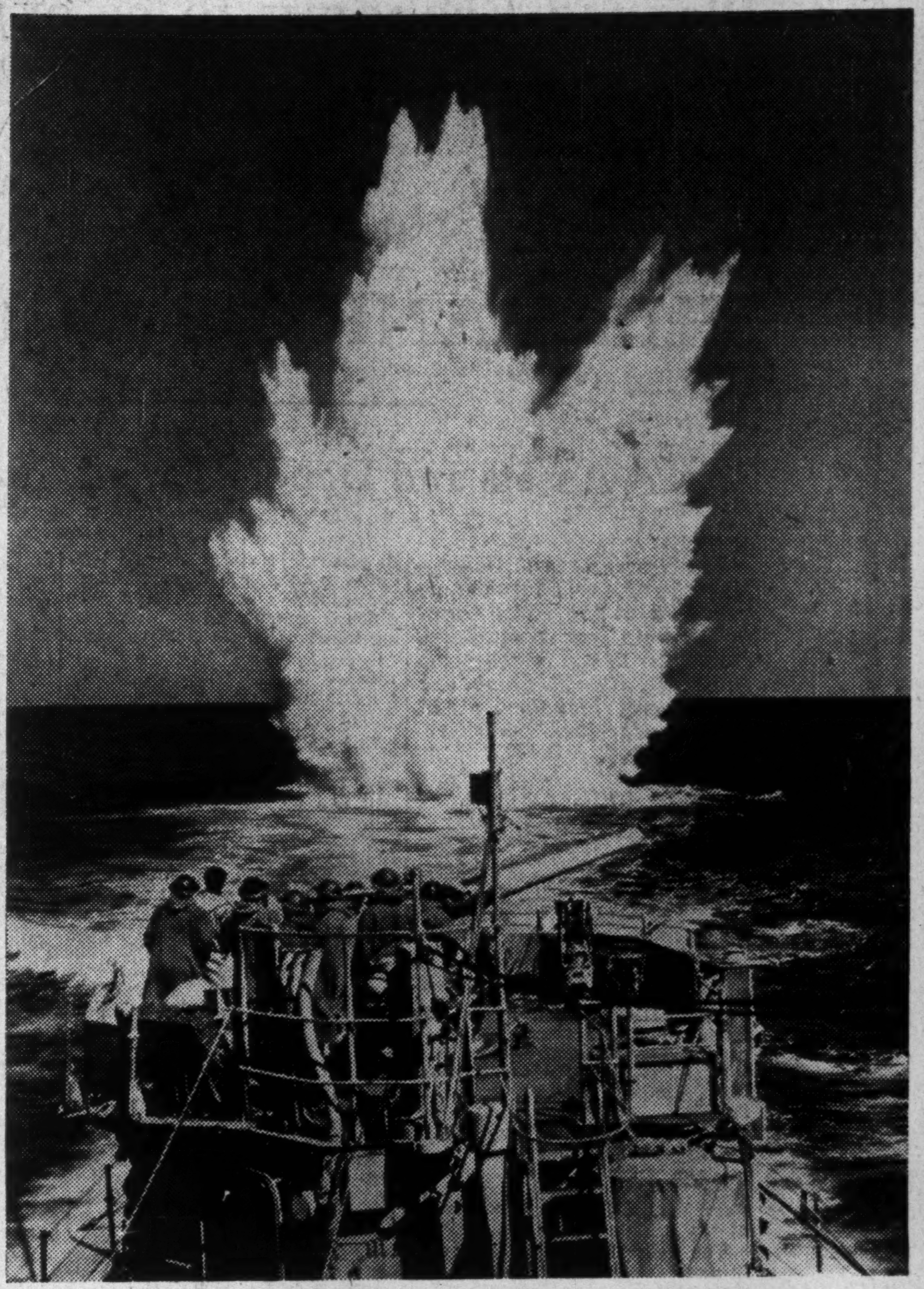
Then an offensive into Libya. Here is exemplified an Imperial offensive at its best. A campaign fought in an area most suitable to ourselves and most difficult to the enemy. It began with a steady harrying of the land and sea communications of the enemy by the navy and the R.A.F. It was followed by an advance of the army to take advantage of the situation so produced. The long and desperate clash of the armored forces in the desert ended in our victory. The victory was followed up by a relentless pursuit of the beaten enemy on the ground and in the air, supported along the coast by the navy.

Defensive in Far East

There is not space to detail the loyal help that we will receive from China and the Netherlands.

Germany's main "ally" in Europe, Italy, is on the verge of prostration. Conquered Europe is seething with revolt.

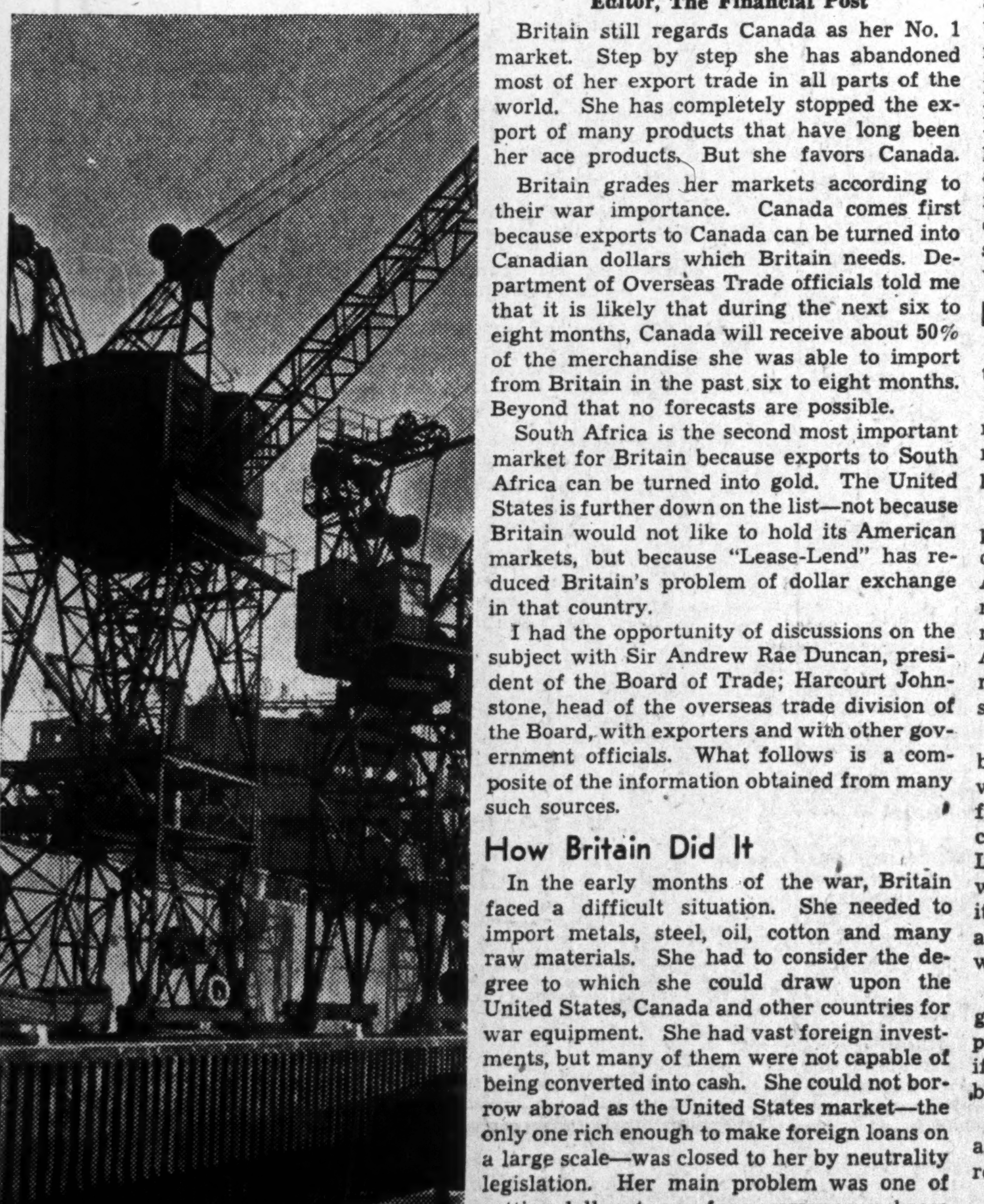
As the war proceeds there will be many areas in which the army may be employed to take advantage of the state in which Germany will find herself. The gigantic imperial air training scheme, in which Canada is taking such a great part will supply sufficient air support to ensure that the army fights under proper circumstances.



Jap forces crash toward one of the Democracies' greatest naval bases, Singapore — Enemy submarines sink Democratic ships a few miles off North American shores — Britain's lifeline is still the sea. In this spectacular photograph, an American destroyer, now operating with the British Fleet, drops a depth charge.

Britain Sacrifices Exports for Victory

By FLOYD S. CHALMERS
Editor, The Financial Post



Repeatedly and mercilessly blasted by Nazi bombers, Britain's docks are the keys of her national freedom. Through them come food, munitions, reinforcements; through them go exports that help Britain fight.

Britain still regards Canada as her No. 1 market. Step by step she has abandoned most of her export trade in all parts of the world. She has completely stopped the export of many products that have long been her ace products. But she favors Canada.

Britain grades her markets according to their war importance. Canada comes first because exports to Canada can be turned into Canadian dollars which Britain needs. Department of Overseas Trade officials told me that it is likely that during the next six to eight months, Canada will receive about 50% of the merchandise she was able to import from Britain in the past six to eight months. Beyond that no forecasts are possible.

South Africa is the second most important market for Britain because exports to South Africa can be turned into gold. The United States is further down on the list—not because Britain would not like to hold its American markets, but because "Lease-Lend" has reduced Britain's problem of dollar exchange in that country.

I had the opportunity of discussions on the subject with Sir Andrew Rae Duncan, president of the Board of Trade; Harcourt Johnstone, head of the overseas trade division of the Board, with exporters and with other government officials. What follows is a composite of the information obtained from many such sources.

How Britain Did It

In the early months of the war, Britain faced a difficult situation. She needed to import metals, steel, oil, cotton and many raw materials. She had to consider the degree to which she could draw upon the United States, Canada and other countries for war equipment. She had vast foreign investments, but many of them were not capable of being converted into cash. She could not borrow abroad as the United States market—the only one rich enough to make foreign loans on a large scale—was closed to her by neutrality legislation. Her main problem was one of getting dollars to pay for necessary purchases abroad. The best way to get them was to maintain export trade. So export became a weapon of warfare. The "Buy British" campaign was promoted in the United States, in Canada, in South America and in South Africa. Export councils were established in leading industries in an endeavor to promote the sale of British merchandise.

This could not be kept up as a permanent policy, particularly after the war began in grim earnest at the time of the fall of France. Britain found herself, in that tragic moment, with no choice but to devote every resource to war and only war. She could not use space on cargo ships to bring to England raw materials capable of being manufactured into goods for export. She could not use labor, machinery and power for making cutlery, automobiles, and machine tools for export shipment. She could not use tobacco and foodstuffs for maintenance of her trade in familiar brands of smoking tobacco, cigarettes, biscuits, and canned goods, nor could she provide the cardboard, the tin or the glass wherein to ship them.

Deliberate Tapering Off

Gradually export trade was deliberately tapered off.

It was tapered off by products. If essential raw materials were required, they were denied to the manufacturers for other than war purposes.

It was tapered off by markets. If the sales produced only sterling currency Britain decided that she could not afford to make them. After lease-lend she clamped down on shipments to the United States, because she was no longer under the compulsion of obtaining American dollars by any means in order to meet bills in the United States for airplanes, ships and other weapons of war.

It is no secret that Britain was scraping the bottom of the barrel at the end of 1940; she was in the gravest danger of losing the war from sheer inability to pay for supplies. Then came Lease-Lend — just in the nick of time. Lease-Lend saved Britain's very life and no well-informed Englishman denies that. And it greatly modified export policy for it enabled Britain to turn export factories into war factories.

Today Britain's horizons in exporting are greatly contracted. No one may now be employed in making goods for shipment abroad if there is any possible chance that they could be used directly on the war effort.

Only those markets—such as South Africa and Canada—which still remain pesky currency problems—continue high on the list.

In general, Britain is willing to export where the trade does not materially lessen the total effectiveness of her war effort at home.

China and pottery are examples. The china clay is found in Britain so no foreign currency is required to obtain raw materials. The labor consists chiefly of older people who cannot easily be turned over to the making of tanks, guns and ammunition. The conversion factor is high; that is to say the raw material advances greatly in value as skill is applied to it. So Britain is willing to continue to export substantial quantities of china and pottery to Canada. The Canadian housewife will be able to buy many of the familiar English patterns, although no new chinaware is available in Britain itself except for urgent purposes and it is not permitted to have the slightest decoration on it.

It is difficult to state definitely what type of exports Britain will continue to permit. The situation changes daily as the balance of the determining factors shifts; as raw materials become available, as labor is replaced or freed, as the need for currencies of a particular type rises or falls; as shipping space is available. But in addition to pottery, supplies will probably be available of leather, leather goods, woollens, pharmaceutical chemicals, paintings, anthracite coal, antiques and silverware.

Control of exports by licencing is only one of many plans used to achieve the diversion of British industry to all out concentration on war and which have resulted in curtailment of Britain's power to hold her export markets.

Economize on Man Power

One of the first plans was the reservation of man power. Every worker in the country up to very high ages became subject to the orders of the state as to the job he might do. Up to 42—and now up to 51—he became subject to call for military service. If it was felt that he could be more useful to the state at a bench or a lathe than in the army, he was not permitted to join the fighting services even if he wanted to. "Conscription" in Britain has never been just a device for getting so many men—or women—into the three fighting services or for the various home defense services. It has always been part and parcel of a scheme for mobilizing the human resources of the country—on democratic lines—for most effective service to the state, each person according to his skill and training.

Now Britain is in the midst of extending selective service in the fighting services into the higher age levels and of making it applicable to all women up to the age of 40, married or not. And the block reservation of men in certain industries is to disappear. Each individual will be dealt with separately.

The system earlier used to tie workers to key jobs—and now being replaced—was the issuance of a series of "essential works orders." More than 10,000 undertakings were so scheduled In these companies the worker was not allowed to leave his job and the employer's right to dismissal was suspended. There were, of course, some provisions to cover cases where disciplinary action was necessary.

Two Reserved Jobs

Among the industries originally "scheduled" were merchant navy, shipbuilding and repairing, engineering, coal, iron, steel, dock operations, chemicals, slate quarrying, railways, the nucleus mills in cotton spinning and agriculture in Scotland. Building was originally scheduled but was taken out some time ago. Now civil defense and the merchant navy are the only reserved occupations left, but there will be special schemes to deal with the civil service, coal mining and some other classes.

To its complete control of man power, Britain has added control of all raw materials, which is an equally effective way of directing the use of the nation's resources to war.

With adequate control over human and material resources, Britain turned to industry itself and to retail trade. By "concentration" it telescoped all the industries in various fields into a limited number of firms who now handle all the production and distribution in these fields, freeing factory space, machinery and workers for war purposes. By limiting supplies to retail shops and by the coupon system it has put a brake on consumer spending and thus added further assurance that there can be no waste of material or man power resources.

It is estimated that about 70% of the concentration of industry that is possible has been completed and has released about 150,000 workers and about 50 million square feet of factory space, of which about one-third is

(Continued on page 13, col. 3)

Looks on Canada as her best market because of need for Canadian dollars—but no British firm may make goods for export if materials usable for war

THIS IS EVERYBODY'S WAR AND ALL MUST SHARE THE BURDEN

Planned Economy to be expected for Duration

says

JOHN R. LAMB, President of

THE BANK OF TORONTO

Assets and Deposits at all time high

The 86th Annual General Meeting of the Shareholders was held at the Head Office in Toronto on Wednesday, January 21st, when the President, John R. Lamb, and the General Manager, F. H. Marsh, addressed the shareholders.

THE PRESIDENT'S ADDRESS

Gentlemen:

The 86th Annual Statement which you have before you shows the assets of the Bank at a higher figure than ever before. Earnings have been maintained, in fact, slightly increased.

As usual our liquid position has remained strong throughout the year and I can say without hesitation that your Bank's condition has never been more sound than it is today.

You will note that your Board of Directors has approved of the transfer of one million dollars from Profit and Loss Account to Rest Account, which now stands at ten million dollars.

The General Manager will refer in more detail to the figures in the statement.

As we review another year of Canada's history and of the democratic struggle against the powers of aggression, we are conscious of our shortcomings and of the difficulties still facing us, but there is a measure of satisfaction in that, in contrast to the succession of disasters in 1940, there was more of a balance in the events of 1941. While much new territory has fallen to the Axis, Russia is a powerful factor on our side and has thrown the invader back from the very gates of her two largest cities. In Africa and the near east, the Empire forces have strengthened their position. The far eastern impasse has been broken by Japan, bringing the United States beside us in the front line. With all the major powers at war, and nearly all of the other nations aligned with one side or the other, this has become such a world war as was never known in history. In the Pacific as in Europe, the aggressor has had some initial advantage, but the Allied powers are building up vast forces for land, sea and air, which we sincerely hope may soon turn the tide.

War Program Dominates

As the struggle has spread geographically, so also has it increased in intensity. Reserves of men, money and material are being called into action on both sides. Our life centres more and more around the issue of the war, the common effort has strengthened our ties with the rest of the Empire, and the entry of the United States gives still more definite form to the natural bond of friendship between that great nation and the British Empire. The gigantic war program just announced by President Roosevelt is evidence of the American nation's intent to bring its enormous capacity to bear directly and speedily upon the struggle, with a view to terminating it as soon as possible. The United States has also been instrumental in securing the moral and material support of most of the countries of Central and South America, thereby establishing on these two American continents an almost complete front against Axis aggression.

Canada's own contribution has been vastly increased. Large numbers of Canadians have gone overseas, and while relatively few of them have as yet seen actual fighting, they are being intensively trained for the part which they undoubtedly will have to play before the war is over. We can rest assured that when the time comes they will acquit themselves with honour and distinction. The Empire air training scheme continues to develop in Canada a large and capable force for a service which is bound to have a determining influence on the final outcome.

Industries Highly Organized

Our industrial production has been raised to a new peak in order that we may carry our share of the load and at the same time maintain a reasonable standard of living for our people. By utilizing all of the normal labour supply and plant equipment in a program which comprehends both military and civilian needs, our total output has now been increased to 50 per cent above the average for the years immediately preceding the war. The 1942 war goods schedule includes 1,000,000 tons of merchant ships, 2,000 planes, 2,400 tanks and great numbers of guns and shells, together with huge quantities of other essential supplies. Industrialists should very properly be complimented on their resourcefulness, energy and skill which has resulted in such a magnificent contribution to the war effort and in which labour has played a worthy part.

New Internal Controls

Thus far our citizens generally have not experienced serious inconvenience as the result of any shortage of either essential or other consumer commodities as evidenced by the fact that retail sales in 1941 showed a gain of about fifteen per cent over those of the preceding year. Clearly the employment and steady income available to all who are able and willing to work have more than offset the burden of extra taxation up to the present time. The Dominion Government, in the belief that supplies of goods would not be sufficient to maintain this scale of civilian life, and in the fear of competitive bidding which would result from an excess of purchasing power, has ordained a price ceiling which constitutes the most far-reaching control ever attempted in this country. No doubt this means that merchandise will be restricted to lower prices than would have been reached in an open market. Some means of rationing or other equitable distribution of goods therefore appears inevitable; in fact we are already facing restrictions on motor cars, gasoline and rubber products. Whatever the particular forms may be, intensive controls are the fashion today, and we must expect these and other evidences of planned economy for the duration of the war and perhaps for some time thereafter. Our citizens evince a readiness for sacrifice so long as they feel that it is fairly assessed. Stability of prices rather than wild fluctuations meets with universal favour. Approval of the efforts of the Government to curb inflation and a desire to co-operate is very generally voiced. That difficulties will be experienced in applying the present plan to all types and classes of commerce and industry is inevitable, but it is highly important that in the herculean task of working out necessary adjustments, the small merchant and small industrialist do not sustain irreparable loss. It is to be hoped that these business men who play an important part in Canadian life retain their essential place in our economic structure.

Canada's Raw Materials In Demand

At a time when industries are mobilized and controlled, it is hardly appropriate to praise any one person or group more than another. The normal incentive of price, volume and profit are so modified that national service remains as the one guide that is common to all. Throughout Canadian industry there is a definite desire to put the interests of the public first and at the same time to preserve for the future those individual liberties which are the special features of our democratic life.

The natural resources and primary industries that form the basis of our industrial structure are now being appreciated as never before because the war in some measure represents a struggle for resources of these very kinds and also because it is necessary in the fabrication of war supplies to tap the raw materials that are ready to hand on this continent. Thus the nickel, copper, zinc and other metals produced in Canada have a very important place in war production, and the sum of over $200 millions of new gold annually provides much needed United States exchange.

Importance of Agriculture

The products of Canadian agriculture are also being increasingly valued in a world which, through the using up of reserves and the devastation of great productive areas, is coming nearer to a starvation level. Our stocks are most conveniently located for shipment to Britain. The surplus is small in relation to what the world will need after the war. As for the distant future, there is always the prospect of a freer interchange of goods among all the nations of the world.

International Trade on War Footing

From a heretofore wide choice of imports and exports, our external trade is now being converted to an exchange of such products as we do not require in our war undertakings or civilian use for those which we are able to import for that purpose, and as the field is limited geographically by the tragic conflict, our commercial relations are consequently confined to the rest of the Empire, the United States and the friendly or neutral nations not under the domination of the Axis powers. Our foodstuffs and many other materials are being supplied to Britain far beyond her present ability to pay, though some British goods come to Canada and some Canadian securities have been redeemed.

Canada's requirements from the United States are heavy even in normal times, and they are now enlarged because of our industrial activity. The problem of acquiring sufficient New York funds has been difficult ever since the war started and it is by no means over. However, our burden has been eased to some extent through the assistance given by the United States in permitting a more liberal flow of our goods to their country. The importance of this whole question of exchange and commerce between the two countries is emphasized by the recent announcement that the Canadian-American War Production Committee have reported to their respective governments that tariffs on war supplies passing across the border should be removed. If and when this is done, the volume of goods exported from Canada should be greatly increased and the pressing need for U.S. dollars reduced. That Canada is capable of supplying large quantities of raw materials needed under present conditions is well known.

The Task of Financing

With over 50 per cent of our total production now used for the war and other public purposes, the problem of finance is serious. New war taxes are heavy, but they still lag behind war expenditures, with the result that the public is in possession of more money than formerly. Some of this money in turn is borrowed by the government through its loan campaigns and the sale of war savings certificates. The price-fixing and rationing plans by stabilizing the cost of living and also preventing accumulation of goods, while nonessentials at the same time are discouraged, will be a means of diverting still more of the people's incomes into the hands of the government. Obviously, this will have to take place in order to keep up with our accentuated war program, and it seems much better to continue our public financing on a voluntary basis rather than risk an experiment in compulsory lending.

Forthcoming Victory Loan

A six hundred million dollar loan is shortly to be launched by the Government and it is essential that every Canadian subscribe to the fullest extent of his or her capacity. Half measures or lukewarm participation is not enough. We must all tread the path of self-denial for the war must be fought and won on the home front as well as on the firing line. It is worthy of note that the Government's successful financing during the past year was achieved without permanent loss of savings deposits, and there is every hope that, if we all put our shoulders to the wheel, the still heavier task before us for the ensuing year can be accomplished.

Now, as never before, there must be an appreciation of the fact that this is everybody's war, and that we all must share in the burden in order to attain victory, without which nothing worth while remains.

GENERAL MANAGER'S ADDRESS

Mr. Chairman and Gentlemen,

I have the honour to place before you the 86th Annual Balance Sheet covering the Bank's operations for the year ending November 29th, 1941.

The Bank's Annual Statement submitted today discloses a strong position which, especially under present conditions, will I feel be regarded with satisfaction.

After providing for all known contingencies, taking care of the usual contribution of $150,000. to the Officers' Pension Fund and paying Dominion Government taxes, net profits amount to $1,371,556. an increase over the previous year of $77,006. From this, $250,000. has been written off Bank Premises and the regular dividend of $600,000. paid, leaving $521,556. to add to Profit and Loss Account, the balance of which now stands at $2,495,800., a transfer of $1,000,000. having been made to Rest Account.

Total Assets

Total Assets $182,226,002. are up $16,745,024. and are the highest in our history, a reflection of the increased industrial and business activity during 1941. Of this, $112,297,967. consists of cash, bank balances and other assets readily convertible into cash, equivalent to 68.65% of all liabilities to the public.

Securities

Our investment securities stand at $75,640,471. a decrease during the year of $2,342,819. Dominion and Provincial direct and guaranteed issues maturing within two years amount to $32,545,085. and are $7,748,815. higher than a year ago, while those of slightly longer maturity at $36,883,796. are correspondingly lower. Municipal securities $2,634,210. show a decrease of $2,504,650. There has been a nominal decrease of $214,256. in sundry other holdings. Dominion and high-grade Provincial and Municipal bonds of comparatively short maturity total 95% of our entire investment portfolio.

Call Loans:

Call Loans, $1,146,775. are lower by $85,230., quieter security markets having prevailed throughout the year.

Commercial Loans

$60,260,632. are up $9,484,777. and throughout the year have averaged 15% higher than in 1940, which of course has had a bearing on our earnings.

We are pleased to repeat our remark of last year that your Bank is always ready to extend credit assistance to business both large and small.

We are also glad to say that during the year we have provided substantial and valued assistance to many of our customers and friends engaged in production of much needed war materials.

Municipal Loans

$3,438,170. The further decrease of 10% in our loans under this heading, which are now only 57% of what they were two years ago, is gratifying evidence of more moderate spending and improved tax collections in the many municipalities which we serve throughout the country.

Bank Premises

$3,179,813. a reduction of $60,336.

An appropriation of $250,000. was applied on Premises Account.

During the year new offices were erected at Yonge and St. Clair Avenue, Toronto, and Kerrisdale in Vancouver, made necessary by increased volume of business. We purchased property in Victoria on which we will, when conditions permit, erect premises suitable for the needs of our principal branch in that city.

Notes in Circulation

The amount outstanding is $2,980,969., a decrease of $446,290. The maximum amount we are permitted to circulate after January 1st, 1942, will under the provisions of the Bank Act be $3,300,000.

Total Deposits

At $156,712,415. are up $15,969,204. and include Dominion and Provincial Government deposits aggregating $11,017,416. an increase of $5,576,803. Deposits by the public $145,695,269., an all-time high, are $10,392,401. above last year's total.

Inspections

The Bank's inspectors have during the year inspected all branches and the shareholders' auditors have made the customary audit of cash, securities and loans at Head Office and the principal branches at Toronto, Montreal, Winnipeg and Vancouver.

Staff

I am pleased indeed to express, on behalf of myself and the other Executive Officers, a full measure of appreciation of the splendid co-operation and assistance received during the year from the men and women members of our staff.

The volume of work at all branches has been enormously increased due to the war-time expansion of business and the fact that the Banks are now performing many additional services for the Government in connection with such matters as War Loan issues, War Savings Certificates, National Defence Tax, Unemployment Insurance Tax, Foreign Exchange Control and the compilation of statistics and reports.

Our staff now numbers 1,336 which is 102 more than a year ago.

At the outbreak of war, women members of the staff represented 20% of the whole, whereas they now represent 40%, and it is a matter of gratification that, with their assistance, we have been able to handle a considerably greater volume without any dislocation of our services.

We are proud to say that almost 36% of the eligible members of our male staff at the outbreak of war are now in the Armed Forces. Three have given their lives for their country. They were splendid young men of high standing in the Bank and their loss is deeply deplored.

I feel sure you will join with me in extending best wishes to those who are overseas coupled with the earnest hope that they may soon return.

I said at the conclusion of my remarks a year ago that your Bank stood ready to render all possible assistance to our Country's efforts in maintaining that priceless freedom which is our heritage.

In line with this statement it has been our policy and our pleasure, during the year just closed, to assist to the maximum, by way of credit and otherwise, our many clients engaged in the production of war materials and supplies.

We have, too, gladly accepted every opportunity to make the Bank's services available to our Government in carrying out the ever-increasing duties devolving upon it as a result of the war.

I know full well that it is the wish of our shareholders that we continue this policy.

THE BANK OF TORONTO

Eighty-sixth Annual General Report

29th November, 1941

PROFIT AND LOSS ACCOUNT

Profits for the year ending 29th November, 1941, after providing $150,000.00 for Staff Pension Fund, $902,944.39 for Dominion Taxes and making appropriations to contingent accounts out of which accounts full provision for bad and doubtful debts has been made	$1,371,556.67
Written off Bank Premises	250,000.00
	1,121,556.67
Dividends at the rate of 10% per annum on the par value ($100.) of the shares	600,000.00
Balance of Profits carried forward	521,556.67
Profit and Loss Balance 30th November, 1940	2,974,243.90
	3,495,800.57
Transferred to Rest	1,000,000.00
Profit and Loss Balance 29th November, 1941	2,495,800.57

ANNUAL BALANCE SHEET

LIABILITIES

Notes in Circulation		$ 2,980,969.00
Deposits by and balances due to Dominion Government	$ 9,201,209.76	
Deposits by and balances due to Provincial Governments	1,815,936.42	
Deposits by the public not bearing interest	55,904,932.14	
Deposits by the public bearing interest, including interest accrued to date of statement	89,790,337.19	
		156,712,415.51
Deposits by and balances due to other chartered banks in Canada	170,515.83	
Deposits by and balances due to banks and banking correspondents in the United Kingdom and Foreign Countries	905,906.07	
		1,076,421.90
Acceptances and Letters of Credit outstanding		2,809,856.71
		163,579,663.12
Capital paid up	6,000,000.00	
Rest	10,000,000.00	
Dividends declared and unpaid	150,538.36	
Balance of profits as per Profit and Loss Account	2,495,800.57	
		18,646,338.93
		$182,226,002.05

ASSETS

Subsidiary coin held in Canada	$ 285,342.50	
Notes of Bank of Canada	4,079,420.00	
Deposits with Bank of Canada	21,212,616.76	
Notes of other chartered banks	117,885.00	
Government and bank notes other than Canadian	53,769.30	
Cheques on other banks	6,487,159.82	
Due by banks and banking correspondents elsewhere than in Canada	3,274,527.93	
		$ 35,510,721.31
Dominion and Provincial Government direct and guaranteed Securities maturing within two years, not exceeding market value	32,545,085.42	
Other Dominion and Provincial Government direct and guaranteed Securities, not exceeding market value	36,883,796.86	
Canadian Municipal Securities, not exceeding market value	2,634,210.13	
Other Bonds, Debentures and Stocks, not exceeding market value	3,577,379.21	
	75,640,471.62	
Call and Short (not exceeding thirty days) Loans in Canada on Stocks, Debentures, Bonds and other Securities, of a sufficient marketable value to cover	1,146,775.00	
		76,787,246.62
		112,297,967.93
Current Loans and Discounts in Canada, not otherwise included, estimated loss provided for	60,260,632.41	
Loans to cities, towns, municipalities and school districts	3,438,170.59	
Non-Current Loans, estimated loss provided for	55,224.74	
		63,754,027.74
		176,051,995.67
Liabilities of Customers under acceptances and Letters of Credit, as per contra		2,809,856.71
Mortgages on Real Estate sold by the Bank		8,776.47
Bank Premises, at not more than cost, less amounts written off		3,179,813.38
Deposit with the Minister of Finance for the security of the note circulation		175,559.82
		$182,226,002.05

JOHN R. LAMB, *President.*

F. H. MARSH, *General Manager.*

AUDITORS' REPORT TO THE SHAREHOLDERS

To the Shareholders of The Bank of Toronto:

We have examined the books and accounts of The Bank of Toronto at its Head Office and have been furnished with certified returns from the branches, and report that the above statement of liabilities and assets as at the 29th November, 1941, is in accordance therewith, and in our opinion discloses the true condition of the Bank. We have verified the cash and the securities representing the Bank's investments held at the Head Office at the close of the Bank's fiscal year, and during the year we counted the cash and examined the securities at certain of the important branches. We have received all the information and explanations we have required, and all transactions of the Bank which have come under our notice have, in our opinion, been within the powers of the Bank.

G. T. CLARKSON, F.C.A.
of Clarkson, Gordon, Dilworth & Nash
W. D. GLENDINNING, F.C.A.
of Glendinning, Gray & Roberts

TORONTO, 19 December, 1941.

New Books

He Has Hopes

BRITAIN AND INDIA, by R. Coupland, Beit Professor of Colonial History, University of Oxford. Longmans' Pamphlets on the British Commonwealth.

"India's great war effort would have been greater still if the strongest political organization in India could have been induced to back it," says Professor Coupland, in this 94-page review of how the "distracting and disheartening" political controversy in India reached its present stage.

"India's most important contribution to the war has been in the economic field," he says. "Her young industrial system has enabled her not only to provide nine-tenths of the supplies she needs at home but also to equip the Imperial forces in Africa and the Middle East with a large part of their materials and stores.

"But while so many Indians have been doing their utmost to aid the common war effort, the political controversy has gone on smoldering in the background, threatening from time to time to burst into angry flame."

The author believes that on the whole British rule has been good, that strategically and economically, India's empire bonds must not be loosened.

For the chronic Hindu-Moslem problem, he sees no easy solution though he seems to have some hopes for Britain's new scheme whereby a new constitution will be developed by the Indians themselves.

He further suggests:

"Is communal representation the only method of safeguarding minority rights? Might not something be achieved by altering political boundaries, by developing more power on small and relatively homogeneous units of government, even by the drastic process of shifting populations in areas in which the rival communities are not too closely intertwined, by modifying the character of electoral constituencies, by treating re[illegible] than parliamentary methods? Would the tension be eased if the executive were chosen separately as in the United States and were not responsible from day to day to the legislature?"

O'Brien Gold Mines recovered $252,402 from 17,975 tons of ore in the three months ended Dec. 31, 1941, an average recovery of $14.04 a ton.

Your Investments

What We Do:

1. Give information on Canadian securities to Financial Post subscribers.
2. Publish anonymously letters of general interest.
3. Supply facts rather than opinions.

What We Don't Do:

1. Answer enquiries of non-subscribers.
2. Answer enquiries on foreign securities.
3. Reply by telephone or telegraph
4. Select list of securities; express opinions; or make forecasts.

Three-cent stamp and address label from subscriber's copy of The Financial Post must be enclosed. Address letters to The Financial Post, 481 University Ave., Toronto 2.

Town of Eastview

Can you tell me what happened to the reorganization proposals made some time ago for the towns of Eastview and Tecumseh? How do debenture holders stand now?

Reorganization of the Town of Eastview finances came up at the same time as a similar temporary re-organization plan was proposed for the Town of Tecumseh.

Although both plans were approved on the temporary basis by debenture holders, certain details of a technical nature had to be cleared up. Both plans were held up while these were explored.

In the process of these negotiations, it was suggested that the temporary plans be scrapped and permanent plans be put into effect. For practical purposes, this suggestion has to all intents and purposes nullified the agreements which had been reached.

Under the circumstances there is no way of predicting just what will happen to the debenture holders' position. The towns can obviously make at least a small payment on the interest and presumably this should not be delayed very much longer.

Chateau-Gai Wines

Please advise how profits for Chateau-Gai Wines are running so far this year.

Chateau-Gai Wines Ltd. is expected to report a moderate decline in both sales and profits for the year which ends April 30, 1942. This is indicated by a statement from the Wine Producers Association indicating a 5% decline in sales of wines for the Ontario wine industry last year. Higher taxes have reduced profits by these companies although perhaps by not too great an extent. Effect of higher cost inventories will be felt more in the current year, somewhat offset by an exceptionally high grade grape crop last year. The domestic wine industry was making slow progress under pre-war conditions but it is stated that shutting off foreign imports should have an increasingly beneficial effect next year.

Goodyear Tire

What is the outlook for Goodyear now? Will difficulties over the rubber supply situation have any repercussion on the company's dividend policy?

Outlook for Goodyear Tire and Rubber Co. for the coming year is not at all clear. The prime reason for the difficulty is interruption to our supplies of rubber coming from the Far East. Goodyear is still very busy, working almost entirely on war orders. It seems assured that the company will have a substantial amount of work to do over the coming year because of a continued demand for rubber tires, tubes and other equipment for war needs. It does not seem, however, that this will make up for the sharp reductions in civilian use which are going to be necessary. What the effect on earnings may be is hard to state, but it can apparently be accepted that Goodyear will not earn as much in 1942 as it did in 1941, the latter apparently a very favorable year.

Goodyear could suffer a reduction of about one-third in its annual earnings over the coming year and still earn and pay regular dividends on both common and preferred. Preferred dividend requirements alone only amount to a little less than $300,000 annually and do not appear in any immediate danger at all. The company's financial position is unusually strong and it is well able to carry on through a period of reduced operations.

Electrolux Corp.

Would you kindly give me some idea of the type of business carried on by Electrolux Corp. A comment on the outlook for 1942 would also be appreciated.

The company manufactures and distributes in the United States electric vacuum cleaners and air purifiers under the trade name of "Electrolux." It maintains 191 branch offices and in addition about 119 smaller sales depots controlled by the branches. Selling operations are conducted in every state in the United States, exclusively through house-to-house solicitation by commission salesmen. A large percentage of sales is made on the installment basis, for periods not exceeding 12 months, with the company carrying the discount paper of its customers. It appears that production will be definitely threatened by difficulty in obtaining raw materials for the coming year, possibly compensated by defense contracts. Net profits for the nine months ended September 30, 1941, were equivalent to $1.09 a share on the common stock, compared with 88c. a share for the same period of 1940, in each case after all taxes. This indicates a substantial increase in earnings last year but it is difficult to forecast what may happen in 1942.

Consolidated Paper

Could you give me some information on Consolidated Paper 5½% bonds due 1961? Is the company in a position to benefit as much as the other companies of its class from the activity in the paper industry?

Consolidated Paper Corp. is understood to be participating in the current high rate of activity which is general in the paper industry in Canada at this time. In 1940 the company experienced the best volume of business it had had to date and it is thought that 1941 showed further improvement. To a considerable extent this would be due to specialized products which the war has brought to the front, such as a new corrugated paper now being used as a substitute for kraft paper in the United States. Taking the company's earnings after depreciation, it earned its bond interest 1.46 times in 1940 but this was the first time these charges have been earned in full after depreciation since the company's reorganization in 1931. Last year it probably also earned bond interest although no details are yet available. Before allowing for depreciation charges, the company has earned its bond interest since 1936. Bond interest due July 2, 1941, was paid in cash, although under the 1936 agreement, payment of such interest could have been made in common stock.

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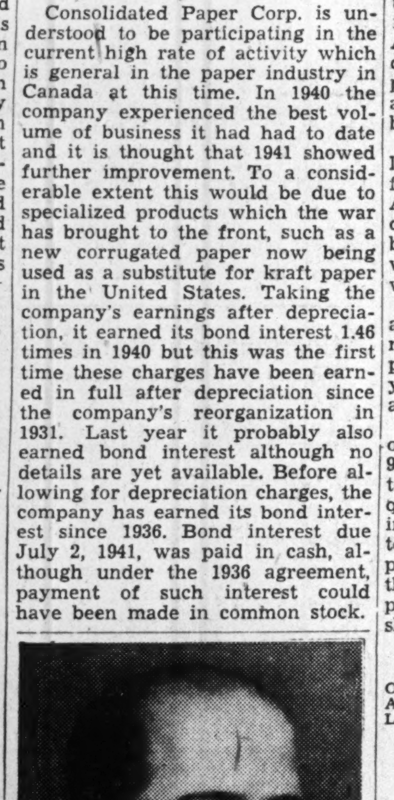

STEEL SALES CHIEF

Dominion Steel & Coal Corp. Ltd. announce the advancement of T. H. McEvoy from assistant general manager of steel sales to general manager of steel sales. Mr. McEvoy has been in the service of the company for the past 23 years.

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Company Reports

Hiram Walker

Hiram Walker-Gooderham & Worts reports net profits for the first quarter of the current fiscal year, the three months ended Nov. 30, 1941, equivalent to $2.03 a share on the common stock. This compares with $2.01 a share earned for the corresponding quarter of the preceding year.

The company reports a rise of about $1 million in earnings. Debenture interest is more than doubled, however, while bank interest and income tax provision are also substantially higher.

Consol. Profit and Loss Account
Three Months Ended Nov. 30

	1941	1940
	$	$
Operating profit	3,983,653	3,012,219
Add: Other income	95,534	39,391
Total earnings	4,069,187	3,051,610
Less: Depreciation	243,152	206,249
Deb. int., etc.	280,103	129,518
Bank interest	45,276	9,054
Tax provision	1,887,048	1,111,459
Net profit	1,613,608	1,595,320

Sawyer-Massey

Sawyer-Massey, Ltd., reports "considerable improvement" in the year ended Sept. 30, 1941, over the preceding year, according to G. R. Cottrelle, president. The company's sales showed a substantial increase, due to improved business conditions.

The company auditors report that sales of land and equipment and the provision for normal depreciation, as compared with 50% of normal rates in former years, have further reduced the excessive value of these assets in relation to the company's business.

Balance sheet as at Sept. 30, 1941, shows receivables of $441,682, of which $235,726 is due from Department of Munitions and Supply. Total receivables a year earlier had been $174,900. Bank loan amounts to $677,593 compared with $608,035. Inventories are down about $50,000 to $231,369.

Profit nad Loss Statement
Years Ended Sept. 30

	1941	1940
	$	$
Gross profit	174,051	53,131
Less: Sell. & admin. exps.	46,344	48,201
Executive salaries	12,722	9,400
Legal fees	1,888	154
Operating profit	113,097	*4,624
Less: Depreciation	75,209	35,413
Bond & other int.	55,017	52,654
Add: Conting. res. transf.	......	92,691
Loss for year	17,129	......
Add: Prev. deficit	490,606	490,606
Less: 1940 overhead recov.	12,387	......
Conting. res. w/o	230,488	......
Deficit forward	264,859	490,606

*Loss.

Working Capital

	$	$
Current assets	674,050	459,148
Current liabilities	858,730	712,909
Excess current liabs.	184,680	253,761

Murphy Paint Co.

Murphy Paint Co. reports an increase in sales of 29.2% in the year ended Aug. 31, 1941, over the preceding fiscal year. Normal effect of this trend was offset by an increase in raw material and other costs. Although the greater volume was due to production of finishes for war purposes, a substantial increase was also noted in the company's ordinary business.

Net profits for 1941, were equivalent to $25.38 a share on the 3,868 preferred shares outstanding at Aug. 31. After allowing for a full year's dividend on the 5½% preferred, a balance equivalent to $1.10 a share was available for the common on which dividends of 40 cents was paid.

Completely comparative figures are not available but in the eight months ended Aug. 31, 1940, the company earned $95,643 and in the latest year $98,167, in each case after taxes and depreciation.

During the year, $52,327 was spent on capital additions, of which $39,944 was for construction of a new testing laboratory to provide adequate control of the substantially increased production of war materials of many types, H. W. Thorp, president, reports. An addition to the synthetic varnish and lacquer plant is now under construction and should be ready by March 1.

Consol. Income & Surplus Account
Year Ended Aug. 31, 1941

	$
Operating profit	248,111
Add: Invest. income	1,244
Less: Executive salaries	56,373
Directors' fees	250
Legal fees & exps.	5,256
Depreciation	21,309
Income taxes	68,000
Net profit	98,167
Less: Preferred dividends	10,972
Common dividends	27,520
Surplus for year	59,675
Add: Previous surplus	371,804
Less: Subsid. adjust. (net)	11,785
Other surplus adj.	25,676
Surplus forward	394,018

Working Capital

	Aug. 31, 1941	Aug. 30, 1940
	$	$
Current assets	781,954	718,023
Current liabilities	235,282	189,038
Working capital	546,672	528,985

Detroit & Canada Tunnel

Gross revenues of Detroit & Canada Tunnel Corp. for the year ended Oct. 31, 1941 rose to $786,078 from $701,760 the year before, but remained well below the $888,460 realized in 1939, the last year of normal operations. The improvement permitted the company to show a net profit, after meeting operating and non-operating costs and allocating $48,842 to contingency reserve.

A total of $183,750 of first mortgage bonds was redeemed during the year, leaving outstanding a balance of $1,786,100. A further $195,000 was paid on account of the purchase agreement on the ferry terminal land, bringing the amount paid to $200,000 and leaving a balance to be paid of $200,000.

New charges became effective Feb. 5, 1941, but owing to low vehicular traffic at that time of year, and the large amount of bus tokens outstanding in the hands of the public, the new rates did not have an appreciable effect until April. During the remainder of the company's year gross toll revenue was about equal to that of 1939.

Vehicular traffic for the year was down 15% from 1940 and 32% lower than in 1939. Tunnel bus traffic was 25% below 1940 and 43% below 1939. In December, it was stated that tunnel vehicle traffic was approximately 8% less than in Dec., 1940 and some 33% below 1939. Bus traffic was running 19% and 36% lower respectively.

Since the close of the fiscal year, states Geo. R. Cooke, president, the corporation has sold 10 of its buses for $3,000 each (their book value) and turned the proceeds over to the trustee of the mortgage. The 16 remaining buses are believed to be ample for all requirements, as the greatest number ever in continuous operation in the past has been 15.

Consol. Income & Surplus Account
Years Ended Oct. 31

	1941	1940
	$	$
Tolls	582,938	473,179
Add: Bus & coach rev.	192,269	213,086
Non-oper. rev.	10,871	15,495
Gross revenue	786,078	701,760
Less: Oper. exp.	213,249	211,001
Maintenance	53,411	66,152
Oper. taxes	136,786	135,850
Oper. earnings	382,632	288,757
Less: General int.	18,203	20,000
Bond interest	96,548	98,939
Depr.: tunnel	127,539	127,435
Autos	18,620	22,774
Amortization	16,940	16,947
Exchange loss	14,653	12,094
Income taxes	29,666	......
Conting. reserve	48,843	......
Net profit	11,617	*9,432
Less: Dividends	63,823	......
Deficit for year	52,206	9,432
Add: Adjustments	......	6,748
Less: Previous surplus	264,539	274,832
Bond red. profit	2,533	742
Land sale profit	......	4,233
Adjustments	490	892
Surplus forward	215,357	264,539

*Loss.

Times Bond Interest Earned:	1941	1940
Before depr. & amort.	3.77	2.72
After depr. & amort.	2.09	1.03
Earned per Share:	$0.09	d$0.07
Paid	*0.50	......

*U. S. funds.

Working Capital

	1941	1940
Current assets	525,725	722,372
Current liabilities	53,648	39,587
Working capital	472,077	682,785

Midland Loan

Increase of nearly $3,000 was shown in the 1941 earnings of Midland Loan & Savings Co., of Port Hope, Ont. Interest charges for the year were somewhat lower than in 1940, but taxes jumped some $15,000, which was compensated by elimination of the write-off of investments for general depreciation which absorbed $20,000 in 1940.

Sharp gain of over $58,000 was shown in liquid assets of the company, despite a slight decline in the amounts of debentures and deposits outstanding.

Profit and Loss Account
Years Ended Dec. 31

	1941	1940
	$	$
Operating earnings	181,216	178,708
Less: Interest paid	70,114	72,387
Gen. expenses	21,247	19,777
Commissions	2,288	2,332
Inspection	1,271	1,385
Office bldg w/o	500	500
Invests. w/o	......	20,000
Tax reserve	47,860	32,814
Net profit	37,936	29,513
Less: Dividends	28,800	28,800
Surplus for year	9,136	713
Add: Prev. surplus	44,472	43,759
Surplus forward	53,608	44,472
Earned per share	$10.54	$8.20
Paid	8.00	8.00
Liabilities to Public		
Debentures	1,797,176	1,821,136
Deposits	395,099	383,178
	2,192,275	2,204,314
Secured by:		
Liquid assets	690,632	632,094
Mtges. & int.	2,463,168	2,502,909
Less excess liabs.*	52,516	46,218
	3,101,284	3,088,785

*Excess of current liabilities over other assets.

National Trust

Higher earnings and a greater degree of liquidity in the assets of National Trust Co. are shown in the annual statement for 1941. Increase of over $41,000 in net earnings was more than adequate to take care of a jump of $39,360 in taxes; net per share advanced from $8.24 to $8.34.

Trust certificates and deposits both dropped on the year bringing liabilities to the public down some $584,000. Against this, the total of liquid assets held in guaranteed trust account actually rose, while mortgages declined. The liquidity ratio is stated to be 76.6% at the end of 1941 against 74.21% a year ago.

Annual meeting will be held Jan. 27 in Toronto.

Income and Surplus Account
Years Ended Dec. 31

	1941	1940
Net earnings	466,332	425,095
Less: Taxes*	216,181	177,821
Net profit	250,151	247,274
Less: Dividends	240,000	240,000
Surplus for year	10,151	7,274
Add: Prev. surplus	485,405	478,131
Surplus forward	495,556	485,405

*Other than on real estate.

	1941	1940
Earned per Share:	$8.34	$8.24
Paid	8.00	8.00
Liabilities to Public		
Trust certificates	1,730,365	2,122,411
Deposits	20,274,508	20,466,548
	22,004,873	22,588,959
Secured by:		
Liquid assets	13,788,199	13,683,476
Mortgages	8,216,674	8,905,483
Net cap. acct. assets	5,245,557	5,235,405
Total	27,250,430	27,824,364
Estates, etc.	283,778,196	274,939,287

Canada Permanent Mtge.

Earnings of Canada Permanent Mortgage Corp. for 1941 showed a slight gain over 1940. The year's addition to tax reserve amounted to $25,000 against $50,000 in 1940, resulting in a surplus instead of a deficit on the year's business after payment of dividends.

Liabilities to the public were down approximately $1.5 million, with a corresponding drop in the securing assets. Total of liquid assets gained some $600,000, but the total of mortgages held dropped nearly $2 millions.

Annual meeting will be held Jan. 30 in Toronto.

Profit and Surplus Account
Years Ended Dec. 31

	1941	1940
	$	$
Net earnings	690,357	689,097
Less: Premises w/o	100,000	100,000
Tax reserve	25,000	50,000
Net profit	565,357	539,097
Less: Dividends	560,000	560,000
Surplus for year	5,357	*20,903
Add: Prev. surplus	400,606	571,509
Less: Real est. res.	......	150,000
Surplus forward	405,963	400,606

*Deficit.

	1941	1940
Earned per Share*	$9.86	$9.84
Paid	8.00	8.00

*Based on net earnings, before write-offs and tax reserve.

Liabilities to Public

	1941	1940
Debents. & deb. stk.	36,128,320	37,843,921
Deposits	17,262,751	17,105,827
	53,391,071	54,949,748
Secured by:		
Liquid assets*	12,466,790	11,844,705
Mtges. & int.	48,663,340	50,654,155
Other net assets	4,806,903	4,851,494
	65,937,033	67,350,354

*Including 98% of the stock of Canada Permanent Trust Co. at par of $980,000.

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Your Income Tax

Deadline for income tax returns is March 31, a month earlier than usual. In this weekly column, The Financial Post answers the problems you many have in computing your tax.

Pension Fund Deductions

The company by which I am employed proposes to put into effect a pension plan for its employees. The plan will involve contributions by both employer and employee. How will my contributions to the pension fund be treated for income tax? Will they be exempted.

According to the act, deductions made from your pay in connection with a pension fund or plan are exempt from income tax up to $300. Contributions by the employer are exempt up to 5% of the remuneration of the employee or $300 whichever is the lesser.

Child Comes of Age

During 1941, one of my three dependent children became 21 years of age so now I am entitled to allowance from National Defense Tax for only two. My employer in making his deductions from my weekly pay for National Defense Tax has been allowing me for the three. Is it necessary for me to tell him about the change in the number of my dependents or should my employer make the necessary changes from the information he has?

The employee should tell the employer of any change in his position as regards dependent relatives. In the N.D.T. form supplied by the Income Tax Department which you must have filed a year ago, the employee undertakes among other things to notify his employer of any change in the number of his dependents. Accordingly you should now fill in a revised declaration, showing the number of dependents for whom you are claiming allowance. As the next tax year is just starting, you should get this revised form in at once. As you probably received two weeks' pay already this year, you may have to make some adjustment when making your income tax return on 1942 income later.

Deductible Interest

Am I allowed to deduct from my income, for income tax purposes, interest I pay to the bank and to a private person for money I borrowed years ago? The interest I pay annually is $126 to the bank and $600 to the private person.

Unless the money you owe is invested in some revenue producing enterprise that affects your income, you are not allowed to deduct the interest payments. If, for instance, you bought a piece of property, giving a mortgage on it, as part payment, and then rented the property, you would be able to deduct the interest charges from the rental income received. Or if you bought stocks from which you were getting dividends, although the stocks are not entirely paid for, you could deduct the carrying charges from the dividends received. But if you owe money through a mortgage or otherwise on say the house you live in, from which you are getting no revenue, you are not allowed to deduct the interest charges. Nor may you deduct interest paid on money owing in some other way from which no revenue is being derived.

Better Year For Peterboro

New Building Boosts Assessment — Economies to Bring Surplus

In a preliminary statement on the financial position of the City of Peterborough at the end of 1941, Mayor James Hamilton points out that the strenuous efforts made to improve tax collections in the city are bearing fruit. In 1941, 93% of the current roll was collected during the year, compared with 91.52% in 1940 and 85.1% in 1935. Of the tax arrears of $146,457 outstanding at the beginning of the year, 48.6% were collected during 1941.

Although no increase in the basis of assessment was made and some reductions were effected, construction of 64 new homes, exclusive of the 82 houses built by Wartime Housing Ltd. brought an increase of $617,037 in the assessment over 1940.

Peterborough's net debt now stands at $1,495,000 and has been reduced in the past six years by $1,395,695. In the same period the annual levy for debenture debts chargeable to general taxes has been reduced from $244,000 to $127,143. This debt reduction programme has aided the city in lowering its tax rate. Rate for 1941 was 32 mills for public school supporters, against 33 mills in 1940, as a result of steady reduction since 1930, when the rate was 39.2 mills.

During the year relief expenditures fell from a total of $76,700 to $11,000. As a result of these economies Mayor Hamilton states that it can be safely anticipated that a surplus on the year's operations will exist when the accounts are completed.

de Havilland Net Holds

Net earnings of de Havilland Aircraft of Canada for the fiscal year ended Sept. 30, 1941, were close to the previous year's high mark, officials inform The Financial Post. In 1940 the company showed earnings of $76,339, or $28.22 a share on the 7% preferred. The annual statement is now in course of preparation and is expected to make its appearance the latter part of February.

Arrears on the de Havilland preferred stock stand at $61.25 a share. A full year's payment was made in December which duplicated the dividend paid a year earlier and which, in turn, was the first disbursement since 1931.

The Tiger Moth plane turned out by de Havilland is being superseded by the Fairchild Freshman for primary training purposes. However, it is not believed that the Fairchild plane will actually get into production until late this coming fall and, at any rate, de Havilland has sufficient contracts in hand to keep its trainer plane production unit going for several months yet. In addition, the company also has substantial contracts for other types of military planes.

Your Will is your written wish of how you want your estate distributed. By checking over your plans in it—and early in this New Year is the time to do that—you will learn whether any new obstacle may hamper the early usefulness of your estate.

Through years of work in estates management, we have gained much valuable information in the practical matters relating to the distribution of an estate. We will gladly make our knowledge available to you or, if you prefer, ask for our pamphlet of the essential points to be considered.

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By Order of the Wartime Prices and Trade Board

You Must Have a Licence by March 31, 1942

Every Person or Firm is Required to Have a Licence

1. if engaged in the business of buying for resale or selling any commodity; or
2. if engaged in the business of supplying any of the following services:
the supplying of electricity, gas, steam or water; telegraph, wireless or telephone services; the transportation of goods or persons; the provision of dock, harbour, or pier facilities; warehousing or storage; undertaking or embalming; laundering, cleaning, tailoring, or dressmaking; hairdressing, barbering, or beauty parlour services; plumbing, heating, painting, decorating, cleaning, or renovating; repairing of any kind; the supplying of meals, refreshments or beverages; the exhibiting of motion pictures; process manufacturing on a custom or commission basis.

IF YOU HAVE ALREADY APPLIED FOR OR OBTAINED A WARTIME PRICES AND TRADE BOARD LICENCE UNDER A PREVIOUS LICENSING ORDER, YOU SHOULD NOT APPLY AGAIN

Why Licence Applications Should Be Made At Once
Apart from the legal requirements, licensing of your business will enable the Board to advise you quickly and fully of the price ceiling regulations that affect your business.
The name of every person who has been granted a licence or who has already applied for a licence is being placed on the Board's mailing list. Your name will be added when your application is received.

To Get Your Licence
1. Get an application form at your nearest post office.
2. Complete the application and mail it, postage free. There is no licence fee.
3. You will receive by mail a Licence Identification Card bearing your licence number.

Those Who Do Not Need a Licence
1. farmers, gardeners, livestock or poultry producers, and fishermen, unless buying goods for resale.
2. employees of a person or firm which is itself subject to licence.
3. operators of private boarding houses.
NOTE: Persons who have already applied for or obtained a Wartime Prices and Trade Board licence should not apply again.

WHAT THE LAW REQUIRES YOU TO DO
After March 31, 1942, any official, representative, or investigator of the Wartime Prices and Trade Board may require you to produce your Licence Identification Card if you are subject to this licensing order.
After March 31, 1942, you must notify the Director of Licensing of the Wartime Prices and Trade Board, Ottawa, in writing, quoting your licence number, of any change in the name, address, or character of your business within 10 days of such change.
You must retain your Licence Identification Card as it will remain in effect, unless suspended or cancelled, as long as the Maximum Prices Regulations continue. If you are already licensed, a Licence Identification Card, valid for the duration of these Regulations, will be automatically mailed to you before March 31, 1942. You need not apply for a renewal and there is no licence fee.

FOR FURTHER INFORMATION WRITE THE REGIONAL DIRECTOR OF LICENSING, WARTIME PRICES AND TRADE BOARD, AT THE NEAREST OF THE FOLLOWING CITIES: VANCOUVER, EDMONTON, REGINA, WINNIPEG, TORONTO, MONTREAL, HALIFAX, SAINT JOHN, OR CHARLOTTETOWN

THE WEEK'S QUOTATIONS

Toronto and Montreal Exchanges

The following table is confined to official prices for listed stocks, including curb market quotations. Where no transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

WEEK ENDING JANUARY 19

Range 1941-42 High	Low	Div R'te $	Jan17 Y'ld %	Stock	Sales	Last Jan. 12	Week end. Jan. 19 H	L	Cl'se
				A					
1.15	.50		...	Abitibi	607	.65	.65	.60	.65
9¼	4		...	Do. pref. 6%	855	6¼	6¼	6¼	6¼
15	8		...	Do. pref. 7%	....	(9 bid — asked)			
3	1		...	Acme Glove	....	(2¼ bid — asked)			
60	50	6.50	10.8	Do. pref.	....	(— bid 60 asked)			
14	11¼	80+20c	8	Agnew Surp.	....	(12¼ bid 13 asked)			
108	105	7	6.6	Do. pref	....	(108¼ bid — asked)			
1.50	.75		...	Alta. Pac. Gr.	....	(— bid 1.00 asked)			
33	24¼		...	Do. pref.	10	26	26	26	26
				Algoma Steel	165	8¼	8¼	8¼	8¼

Government Bonds

(Supplied by Investment Dealers' Assoc. of Canada)

Jan. 21, 1942

Dominion of Canada Bonds

%	Due	Bid	Ask.	Approx. Yld.
1½	May '42	100	100¼	...
2	June '42	100¼	100¼	...
3	Oct. '42	101¼	101½	.77
2½	June '43	101¼	101½	1.25
5	Oct. '43	105¼	106	1.59
2	June '44	100¾	101¼	1.48
a2½	Jan. '44	98¼	98½‡	2.63
4½	Oct. '44	106¾	107¼	1.74
2½	Nov. '44	101¾	102¼	1.62
2½	Aug. '45	98¾	98½‡	2.86
a2½	Aug. '45	103¼	104¼	b1.56
a4	Oct. '45	100¼	101	1.68
2	Mar. '45	99	99¼	2.14
2	Dec. '46	99	99¼	2.02
4½	Feb. '46	109	109¾	2.02
3½	June '49	102¾	103¼	b2.47
3½	Oct. '49	102¼	103	b2.40
3½	Nov. '51	101½	102	b2.93
3½	Feb. '52	101¾	102¼	3.00
5	May '52	101¼	‡101¼	b1.93
4	Oct. '52	106	106¾	b2.74
3	June '51	99¼	100	3.09
3	Oct. '52	99	99¼	3.05
3	June '55	99¼	99¾	3.02
4½	Nov. '56	106¾	107¼	b2.80
4½	Nov. '57	107½	108¼	b2.90
3	June '58	99¼	99¾	3.02
4½	Nov. '58	108¾	109½	b2.95
4½	Nov. '59	109¾	110¼	b2.99
a4	Oct. '60	105¼	‡106¼	b3.15
a3½	Jan. '61	98	99‡	3.32
3½	June '66	101¼	102	b3.08
a3e	Jan. '67	95	96‡	3.24
a3e	Nov. '68	95	96‡	3.22
†3	Perpet'l.	94¼	95¼	3.15

Dominion Guarant'd Bonds

Can. Nat'l. Railways:

%	Due	Bid	Ask.	Approx. Yld.
2	Feb. '43	100¼	101¼	.92
2½	Jan. '46	100¼	101¼	1.93
3	May '44	102¼	103¼	1.56
3	Dec. '50	99	100	3.00
3	Feb. '53	98¼	99¼	3.05
3	Jan. '59	98¼	99	3.08
•4½	Sept. '51	115¼	116¼	2.61
•4½	Feb. '56	116¼	117¼	2.98
4½	July '57	116¼	117¼	3.07
4½	June '55	118	119¼	2.98
5	Feb. '54	117¼	118¼	3.16
•5e	July '69	115	116¼	b.32
•5e	Oct. '69	119	121	b2.60
•5e	Feb. '70	119	121	b2.67

Grand Trunk Pacific Rly.:

%	Due	Bid	Ask.	Approx. Yld.
3	Jan. '62	99¾	100¼	2.97

Provincial Gov't. Bonds

New Brunswick:

%	Due	Bid	Ask.	Approx. Yld.
3	Oct. '51	91¼	93	3.80
3½	Aug. '49	93¼	95¼	3.93
3½	June '56	92	94	4.05
c4	Nov. '47	99	101	b3.44
c4½	Apr. '61	103	105	4.12
c5	Jan. '60	108	111	4.13

Nova Scotia:

%	Due	Bid	Ask.	Approx. Yld.
3	Jan. '52	95¼	97¼	3.29
3½	June '56	98	101	3.25
3½	Nov. '50	100	102	3.23
c4½	Sept. '52	106	108	b2.97
c4½	Nov. '60	110	113	3.55
c5	Mar. '60	117¼	119¼	3.54

Ontario:

%	Due	Bid	Ask.	Approx. Yld.
2½	May '45	100	101	2.20
3	Apr. '48	99¼	100¼	b2.93
3	Nov. '50	98¼	99¼	3.06
3½	Nov. '51	100	100¾	b3.14
3½	May '55	99¾	100¾	b3.17
•4	June '62	107	110	3.32
4½	June '50	108¼	109¼	3.22
•4½	Jan. '62	114	116	3.39
5	Oct. '48	110¼	111¼	3.11
•5	Dec. '60	120¼	122¼	3.38
5½	July '46	109	110¼	3.01

Ont. Hydro Commission:

%	Due	Bid	Ask.	Approx. Yld.
3	Aug. '48	99¼	100¼	b2.95
3½	Feb. '53	99¼	100¼	b3.18
3½	Apr. '47	101¼	103	2.88

Prince Edward Island:

%	Due	Bid	Ask.	Approx. Yld.
4	Mar. '54	100	102	3.80

Quebec:

%	Due	Bid	Ask.	Approx. Yld.
3	Nov. '47	97¼	99	3.20
3½	Mar. '48	98	99¼	3.34

Unlisted Stocks

Furnished by A. J. Pattison, Jr. & Co., Toronto

Jan. 20, 1942

Unlisted Mines

Toronto, Jan. 20, 1942

	Bid	Ask
Albany River (Old)	.03	.05
(New)	.08	.10
Amal Kirk	.04¼	.06
Anoki	.03	.04½
Aquarius	.14	.16
Arjon	.04	.05
Armistice	.06½	..
Argosy	.05	.08
Area	.02½	.03½
Athona (Old)	.00½	.02
(New)	.01	.02
Barb Lard	.03	.04
Brock	.05	.07
Calder Bo	.02	.03
Can Rad	.08	.09½
Central M	.02	.03
Cheminis	.03¾	.04½
Coin Lake	.02	.03
Cons Chib	.04	.06
Croscourt	.03¼	.05
Dayton	..	.01½
Delpine	.04	.05½
Demp Cad	.00¼	.00¾
Desantis (New)	.08	.12
Dona Pat	.01	.01½
Eastward	.06½	.09
Elmos	.04	.07
Franco	.25	.30
Galore	.00½	.01½
Goodrock	.17	.19
Gilbec	.00½	.01½
Hayes Cad	.02¾	.03
Hoyle new	.11	.13
Hugh PaP	.03	.04
Hutch Lke	.01	.02
Keora	..	.01½
Kewagama	.01	.03
Kiena	.01	.03
Kirk Gate	.00½	.01½
Kirk Town	.07	.08½
Lacoma	.00½	.01½
Laguerre	.08	.11
Lake Duf	.16	.18
Lake Gen	.05½	.07
Largold	..	.20
Lw Pete	.14	.19
Lunward	.15	.18
Magnet C	.50	.53
Magnet L	.10	..
Marbenor	.20	.23
Martin Bir	.01½	.02½
Mata Cana	.02	.03
Mata Con	.14	.16
McMar'ac	.22	.24
Mof Hal n	.01	.02
Mooshla	.00¾	.02
Mosher	.07	.09
McManus	.01½	.02
Nat Mal	.36	.38
Nickel O	1.50	2.00
Norbeau	.13	.18
Northland (1940)	..	.03
Norwin	..	.04
New Mal	..	.17
Newbec	.00¾	.01½
N Ribago	.00½	.01
Numalake	.10	.15
Oklend	.03	.04
O'Leary M	.03	.04
Opemiska	.04	.08
Orpit	.05	.06
Ossian	.00½	.01
Pascalis	.18	.23
Pontiac R (Old)	.02	.04
Pelangio	.01½	.02½
Polaris	.02	.06
Proprit'y	3.90	4.15
Preodor	.06	.07
Queb Mn	.15	.17
Rahn Lake	.00¾	.01½
Rand Mi	.11	.13
Red Lake	..	.01½
Ritoria	.01	.02½
Rouge	.02	.04
S.A.G.A.	..	1.00
Sachigo	4.00	4.25
Senore	.01½	.03
Sepha	..	.12
Shenango (New)	..	.16
Sheldon	.04	.05½
Skynner	.01½	.03
Smelters	..	.01
Springer	.13	.18
Stadacona	.05	.10
Thomson	.13	.15
Tobico	..	.06
Union Mn	.03	.04
Wesley	.01½	.03
Y David'n	.20	.25

Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

Jan. 20, 1942

Supplementary Stock Quotations

(Furnished by Plaxton, Cherry & McDonnell, Toronto)

Jan. 20, 1942

Winnipeg Stocks

(Transactions from Jan. 11 to Jan. 17)

	Sales	High for period	Low for period	Close Jan. 17
Monarch Life	75	35.00	35.00	35.00
Northern Mortgage	100	1.00	1.00	1.00
Northern Trusts	61	6.50	6.50	6.50
Sachigo River	20	4.20	4.20	4.20
Western Steel Prod.	115	9.50	9.25	9.25

Stocks Not Traded in During Week*

	Bid	Asked
Beaver Fire	75	..
Beav. Lumber, p	103	..
Do., com.	2½	5
Can. Indemnity	150	..
Can. Airways	1	..
Corr. P. Box	.60	..
Cres. Cream., p.	..	15
Dom. Envelope	..	9½
Dom. Envelope p	96	99½
Fed. Grain, c.	.35	1.25
Fed. Grain, pf.	..	38
Grouped Inc.	..	4
Home Invest.	16¼	..
Nor. C. Mtge. un	5½	..
Traders Bldg.	44	..
West. Brew.	1⅞	2
West. Grain, p.	..	7

Volume of Stock Sales

	Montreal Markets Indust.	Mines	Toronto Markets Ind. & Mines	Vancouver Markets Ind. & Mines
Jan. 20	7,300	4,500	178,000	8,739
Jan. 19	5,700	9,000	120,000	12,496
Jan. 17	3,900	2,500	75,000	13,125
Jan. 16	7,400	7,900	110,000	19,700
Jan. 15	7,000	1,600	137,000	13,200
Jan. 14	4,700	4,500	123,000	[illegible]

Annual Meetings

1942	Company	Place
Jan. 26	North Amer. Life	Toronto
Jan. 26	Sawyer-Massey	Hamilton
Jan. 27	Crown Life Insur.	Toronto
Jan. 27	Canada Vinegars	Toronto
Jan. 27	National Trust	Toronto
Jan. 28	Can. Car & Foundry	Montreal
Jan. 30	Can. Perm. Mtge.	Toronto
Feb. 2	Equitable Life	Waterloo
Feb. 3	Commercial Life	Toronto
Feb. 4	Bk. of Nova Scotia	Halifax
Feb. 4	Casualty Co. of Can.	Toronto
Feb. 4	Dom. of Can. Gen. Ins.	Toronto
Feb. 9	Montreal C. & D. Bank	Montreal
Feb. 10	Guar. Co. of N. Amer.	Montreal
Feb. 10	Sun Life Assur.	Montreal
Feb. 18	Br. Northwest. Fire	Toronto
Feb. 18	Security Nat. Insur.	Toronto
Feb. 20	Canada Cement	Montreal
Feb. 23	Montreal Life Ins.	Montreal
Feb. 26	Bell Telephone	Montreal

Mining Dividends

	Rate	Jan. 19	Yield %
Anglo-Huronian	▲10c	2.55	..
Argus Interests	†4c	.35	..
Aunor Gold	16c	1.40	11.4
Bayonne	†1c	.04	..
Beattie Gold	16c	.85	18.8
Berens River	†3c	1.00	..
Bralorne	80c+40c	9.00	*13.3
Broulan Porc.	12c	.58	20.7
Buffalo Ankerite	▲30c	2.60	..
Bulolo Gold	$3	12.50	..
Can. Malartic	8c	.45	17.8
Cariboo Gold	16c+8c	1.65	*14.5
Central Patricia	16c+6c	1.19	*18.5
Chesterville	15c	1.40	..
Cochenour Willans	6c	.56	10.7
Coniagas	▲17½c	1.25	..
Coniaurum	16c	.89	17.9
Cons. Smelters	$1+$1.50	38.50	6.5
Delnite	▲6c	.65	..
Dome Mines	$2	16.25	12.4
East Malartic	▲20c	2.18	..
Falconbridge	20c	3.55	..
Francoeur Gold	▲4c	.40	..
Gold Belt	▲2c	.14	..
Grandview	▲1½	.18	..
Grull Wihksne	†½c	.03	..
Hallnor	60c	2.60	23
Hard Rock	▲8c	.49	..
Hedley Mascot	8c	.35	22.8
Hollinger	65c+45c	10.00	*11
Howey Gold	▲4c	.20	..
Hudson Bay	$2	27.25	7.3
Inspiration	†2c	.28	..
Inter. Nickel, com.	$2	34.50	5.8
Island Mountain	▲18c	1.06	..
Jason	4c	.27	..
Kerr-Addison	▲35c	4.10	..
Kerr Lake	5c	.22	..
Kirkland Lake	10c+1c	.62	*17.7
Kootenay Belle	▲8c	.15	..
Lamaque Gold	40c+15c	4.00	*13.7
Lake Shore	$1.40	11.50	12.2
Leitch	8c	.42	19
Little Long Lac	▲20c	1.30	..
Macassa	32c+3c	2.85	*12.3
Madsen R. Lake	▲3c	.46	..
Malartic Gold	10c	2.16	..
McGillivray Coal	2c	.22½	..
McKenzie Red L.	12c	.94	12.8
Moneta	8c	.27	..
McIntyre-Porc.	$2.22+$1.11	42.50	*7.8
MacLeod-Cockshutt	10c	1.62	..
Maybob Gold	4c	.21¼	..
Negus	7½c	.50	..
Nipissing	15c	1.00	15
Noranda	$4	47.75	8.4
North Empire	▲40c	3.75	..
O'Brien Gold	10c	.83	..
Pamour Porc.	18c	.84	..
Pato Cons.	20c+2c	3.00	*7.3
Pend Oreille	†6c	1.65	..
Perron Gold	16c+9c	1.28	*19.5
Pioneer, B.C.	40c	1.99	20.1
Pickle Crow	40c	2.30	17.4
Placer Develop.	$1.20	8.37	14.4
Premier	11c	.60	18.3
Preston E. Dome	20c+10c	3.10	*9.7
Privateer Mines	12c+4c	.42	..
Quebec Gold	2c	.30	..
San Antonio	14c+6c	1.92	*10.4
Sheep Creek	16c+1c	.80	*21.2
Sherritt Gordon	10c	.88½	..
Sigma Mines	▲30c	5.75	..
Silbak Premier	16c	.71	22.5
Siscoe	▲8½c	.48	..
Sturgeon River	4c	.10½	..
Sudbury Basin	▲5c	1.40	..
Sullivan Cons.	▲8c	.58	..
Surf Inlet	▲2c	.07½	..
Sylvanite Gold	28c	1.95	14.3
Teck-Hughes	40c	2.20	18.1
Toburn	12c+6c	1.05	*17.2
Upper Canada	▲14c	1.19	..
Ventures	▲20c	3.55	..
Waite Amulet	40c	4.55	..
Wendigo	3c	.12	..
Wright-Harg.	40c+20c	2.70	*22.2
Ymir Yankee	2c	.03¼	..

▲Paid in 1941. *Yield including bonus. †Initial.

Dividends Declared

	This payment	Date payable	Date of record
Ault & Wiborg, p.	$1.37½	Feb. 2	Jan. 15
Anglo Can. Tel., p	68¾c	Feb. 2	Jan. 15
Atlas Steels	15c	Feb. 1	Jan. 16
Agnew Surpass	40c	Mar. 2	Feb. 16
Do., pref.	$1.75	Apr. 1	Mar. 16
Aluminium	$2	Mar. 5	Feb. 13
Do., pref.	†$1.50	Mar. 1	Feb. 6
Blue Ribbon, pfd.	62½c	Feb. 2	Jan. 21
Beatty Bros., 1st pf.	$1.50	Feb. 2	Jan. 15
B.C. Packers	*$1.50	Mar. 16	Feb. 28
Bank of Toronto	$2.50	Mar. 2	Feb. 14
Bayonne Cons. M.	*1c	Jan. 30	Jan. 15
Bathurst P & P., A	25c	Mar. 2	Feb. 13
Bertram & Sons	15c	Feb. 15	Jan. 31
Do., extra	5c	Feb. 15	Jan. 31
B. C. Tele., 2nd pf.	$1.50	Feb. 1	Jan. 17
Calgary Power, p.	$1.50	Feb. 2	Jan. 15
Can. Pac. Rly. pfd.	2%	Feb. 1	Jan. 1
Can. Bronze	37½c	Feb. 2	Jan. 9
Do., extra	50c	Feb. 2	Jan. 9
Do., pref.	$1.25	Feb. 2	Jan. 9
Can. & For. Secs.	6c	Feb. 2	Jan. 16
Can. Nor. Pwr.	■15c	Jan. 26	Dec. 31
Command Oils	2c	Jan. 30	Jan. 10
Can. South. Rly.	$1.50	Feb. 2	Dec. 22
Can. Bk. of Comm.	$2	Feb. 2	Dec. 31
Can. Cel., inc. fd. rts.	$1	Mar. 17	Dec. 31
Cockshutt Plow	25c	June 16	June 4
Can. Converters	50c	Jan. 31	Dec. 31
Capital Trust	$1	Mar. 1	Dec. 13
Coast Brew.	3c	Feb. 2	Jan. 15
Can. Investors	10c	Feb. 1	Jan. 17
Canadian Oil, c.	25c	Feb. 16	Jan. 31
Caldwell Linen 1st p	°38c	Feb. 1	Jan. 15
Do., 2nd pref.	°20c	Feb. 1	Jan. 15
Comm'wealth Intl.	4c	Feb. 16	Jan. 15
Conduits National	25c	Feb. 2	Jan. 24
Continental Life	$1.60	Jan. 15	Jan. 14
Can. Breweries, pfd.	75c	Apr. 1	Mar. 16
Dist. Corp. Seag. p	†$1.25	Feb. 2	Jan. 20
Dom. Oilcloth	30c	Jan. 30	Jan. 15
Do., extra	10c	Jan. 30	Jan. 15
Dom. Scot. Inv., p.	■50c	Mar. 2	Feb. 20
Dominion Tar. pf.	$1.37½	Feb. 2	Jan. 16
Dominion Bank	$2.50	Feb. 2	Jan. 15
Detroit Int. Bridge, c	†25c	Jan. 24	Jan. 3
East. Steel, c.	$1	Feb. 2	Jan. 15
Do.,	25c	Mar. 2	Feb. 16
East. Bakeries, pfd.	81¼c	Jan. 15	Dec. 31
First All-Can. Tr. Sh.	10c	Jan. 15	Jan. 15
Farmers' Tele.	63c	Jan. 30	Dec. 31
Grull-Wihksne G.	■°½c	Jan. 30	Jan. 15
Granby El. Web., p.	69c	Feb. 1	Jan. 15
Hedley Mascot G.	2c	Feb. 16	Jan. 24
Hollinger Cons.	5c	Jan. 28	Jan. 14
Hyd. El. Sec., B p.	25c	Feb. 1	Jan. 15
Inter. Utilities, p	▲†87½c	Feb. 1	Jan. 20
Inter. Nickel, pref.	†$1.75	Feb. 2	Jan. 3
Inter. Metal, pfd.	$1.50	Feb. 2	Jan. 15
Do., pref. A	$1.50	Feb. 2	Jan. 15
Imperial Bank	$2.50	Feb. 2	Dec. 31
Kerr Addison	5c	Feb. 28	Feb. 10
Lamaque Gold	■10c+5c	Feb. 2	Jan. 9
Leitch Gold	2c	Feb. 16	Jan. 31
McIntyre Porc.	55½c	Mar. 2	Feb. 2
Montreal L. H. & P.	38c	Jan. 31	Dec. 31
Melchers Dist., pfd.	30c	Feb. 16	Feb. 2
Mtge. Corp., N.S.	$1.25	Feb. 2	Jan. 24
Montreal Trust	$1	Jan. 15	Dec. 31
North. Ont. Power	20c	Jan. 26	Dec. 31
Do., pref.	$1.50	Jan. 26	Dec. 31
Penmans	75c	Feb. 16	Feb. 5
Do., pref.	$1.50	Feb. 2	Jan. 21
Power Corp.	■15c	Feb. 2	Dec. 31
Quebec Power	25c	Feb. 25	Jan. 26
Privateer Mine	3c	Feb. 10	Jan. 25
Do., extra	1c	Feb. 10	Jan. 25
Proprietary Mines	5c	Feb. 28	Feb. 14
Rolland Paper, c.	15c	Feb. 13	Feb. 3
Do., special	15c	Feb. 14	Feb. 4
Rolland Paper, pfd.	$1.50	Mar. 2	Feb. 14
Royal Bank	$2	Mar. 2	Jan. 31
Royal Trust	80c	Feb. 2	Jan. 20
South Can. Pwr.	20c	Feb. 16	Jan. 31
Shawinigan W.	23c	Feb. 25	Jan. 26
Steel of Can.	75c	Feb. 2	Jan. 7
Do., pref.	75c	Feb. 2	Jan. 7
Sher.-Williams, c.	15c	Feb. 2	Jan. 15
Saguenay Pwr, p.	$1.37½	Feb. 1	Jan. 15
St. Law. Flour	35c	Feb. 2	Jan. 20
Do., pref.	$1.75	Feb. 2	Jan. 20
Stand. Chemical	50c	Jan. 31	Dec. 31
Silbak Premier	4c	Jan. 26	Jan. 5
Simpsons, pref.	$1.62½	Feb. 2	Jan. 23
Sunset Oils	1½c	Mar. 16	Mar. 5
Teck-Hughes	■10c	Feb. 2	Jan. 9
Toburn Gold	3c	Feb. 23	Jan. 22
Do., extra	1c	Feb. 23	Jan. 22
United Corp., A	38c	Feb. 16	Jan. 15
Walker-Good.	$1	Mar. 16	Feb. 20
Do., pref.	25c	Mar. 16	Feb. 20
Weston, Geo., pref.	$1.25	Feb. 2	Jan. 15
Wood, A. J., p.	$1.75	Feb. 1	Jan. 15
Zeller's	20c	Jan. 31	Jan. 15
Do., pref.	37½c	Jan. 31	Jan. 15

†Payable in U. S. funds. ■Subject to approval of Foreign Exchange Control Board. °Initial. ▲Subject to approval of S.E.C.

DIVIDEND NOTICES

British Columbia Packers Ltd.

Notice is hereby given that subject to the necessary approval being obtained from the Foreign Exchange Control Board the Directors of British Columbia Packers Limited have declared a dividend of one dollar and fifty cents ($1.50) per share, payable by cheque to be issued at Vancouver on 16th March, 1942, to shareholders of record at the close of business on February 28th, 1942. Shareholders holding certificates in street form are requested to surrender such certificates to the Company's Transfer Agents, the London and Western Trusts Company Limited, at its office in Toronto or Vancouver, or the Chartered Trust and Executor Company at its Montreal office, so that they may become registered as the owner of such shares before 28th February, 1942.

Dated at Vancouver, B.C., this 30th day of December, 1941.

By Order of the Board.

A. HAMILTON, Secretary.

The John Bertram & Sons Co. Limited

DIVIDEND NOTICE

Notice is hereby given that a dividend of 15c per share and an extra 5c per share has been declared on the outstanding Common Stock of the Company, payable February 15th to Shareholders of record January 31st, 1942.

By Order of the Board.

J. T. ROSS, Secretary.

Dundas, January 19th, 1942.

Leitch Gold Mines Limited

(No Personal Liability)

DIVIDEND NO. 14

Notice is hereby given that a quarterly dividend of two cents per share has been declared by the Directors of this Company, payable in Canadian funds, on February 16th, 1942, to shareholders of record at close of business January 31st, 1942.

By Order of the Board.

W. W. McBRIEN, Secretary-Treasurer.

Jan. 17th, 1942.

Canadian Breweries Limited

Dividend Notice

Notice is hereby given that a dividend of seventy-five cents (75c) per share on the Cumulative Sinking Fund Convertible Preference Shares of the Company has been declared payable on the 1st day of April, 1942, to shareholders of record at the close of business on the 16th day of March, 1942.

By order of the Board.

W. C. BUTLER, Secretary.

Toronto, Ontario, January 20, 1942.

BLUE RIBBON CORPORATION LIMITED

NOTICE is hereby given that a dividend of sixty-two and a half cents (62½c) per share on the Preferred Shares of the Company has been declared payable on and after the second day of February, 1942, to holders of record at the close of business on the 21st day of January, 1942.

Dated at Toronto this 9th day of January, 1942.

J. R. WRIGHT, Secretary.

Proprietary Mines Limited

DIVIDEND NO. 3

NOTICE is hereby given that a Dividend of Five cents per share has been declared on the issued capital stock of the Company, payable in Canadian Funds on February 28th, 1942, to shareholders of record at the close of business on February 14th, 1942.

By Order of the Board,

J. INGRAM, Secretary-Treasurer.

Toronto, Ont., Jan. 15, 1942.

The Royal Bank of Canada

DIVIDEND NO. 218

NOTICE is hereby given that a dividend of two per cent (being at the rate of eight per cent per annum) upon the paid-up capital stock of this bank has been declared for the current quarter and will be payable at the bank and its branches on and after Monday, the second day of March next, to shareholders of record at the close of business on the 31st day of January, 1942.

By order of the Board.

S. G. DOBSON, General Manager.

Montreal, Que., January 13, 1942.

W. C. Miller Heads Ontario Engineers

St. Thomas Man Succeeds S. R. Frost as President Professional Engineers

Election of W. C. Miller, city engineer of St. Thomas, to presidency of the Association of Professional Engineers of Ontario was announced last Saturday by the association together with other officers and council for 1942. Mr. Miller succeeds S. R. Frost, who has held the position of president the past year.

Vice-president of the association becomes R. A. Elliott, general manager of Deloro Refining Co., Deloro, Ont. M. Barry Watson continues as registrar and Walter McKay, Toronto, continues as the association's secretary-treasurer.

Council of the association for 1942 representing the various branches of the profession, is as follows:

Civil:	Electrical:
J. Clark Keith	M. J. Aykroyd
J. L. Lang	H. J. MacTavish
N. D. Wilson	Lt.-Cd. C. P. Edwards
Chemical:	**Mechanical:**
R. M. Coleman	C. C. Cariss
E. T. Sterne	G. Ross Lord
H. P. Stockwell	R. K. Rybka

Mining:
J. M. Carter
C. H. Hitchcock
D. G. Sinclair

Manitoba Gross Debt Cut $4.7 Millions

Telephone System, Revenue Surplus and Improved Collections on Farm Loans Provide Funds

Since April 30, 1940, gross debt of Manitoba has been reduced $4,748,556, The Financial Post is informed by Hon. S. S. Garson, K.C., Provincial Treasurer of Manitoba. Of this total, $3,173,656 had been redeemed in the provincial fiscal year ending with last April, the balance represents the reduction made up to December 15, 1941. At the latter date, gross debt of the province amounted to $125,422,806.

Major factors aiding in the programme of debt reduction have been the payment of debts by the Manitoba Telephone System and the surplus in the public accounts for the 1941 fiscal year. In addition, collections by the Manitoba Farm Loans Association have improved substantially permitting the province to reduce the amount outstanding on this account by $800,000.

Agriculture Improves

Underlying the improved financial picture, is the growth in employment and the better position of agriculture in the province. While Manitoba farmers have for some years been less dependent on wheat than formerly, the improved prices and production of coarse grain, together with a ready market for the product, have brought a greater degree of prosperity. Hog production has increased both within the province and in eastern Canada, further widening the market for coarse grains.

In addition to the improved financial position of the Manitoba farmer, there appears to have been an increase in the desire of debtors to get out of debt and own their land clear. A somewhat similar trend has been apparent in the collection of private as well as public debts, The Financial Post is informed.

Tax Deal Assured

Approval by the Manitoba Legislature of the agreement with the Dominion government regarding surrender of corporation and personal income taxes is regarded as assured. Basis for the agreement is the record for the fiscal year ended April 30, 1941, which brought in $792,967 more revenue that the preceding fiscal year. The province's revenues from gasoline, safeguarded under the agreement, totalled $2,678,148 in the 1941 fiscal year, while revenues from automobile licenses totalled $1,311,554. This latter item is not covered in the agreement, should war bring further curtailment of automobile use. Revenues from the Government control of liquor which increased $275,000 in the 1941 fiscal year, are continuing to show gains in the current period. It is expected that further improvement on this and other sources should balance any reduction in the direct or indirect revenues from motor traffic.

Source of the funds for reducing the province's debt have been as follows:

Sources of Debt Reduction
Period April 30, 1940 to Dec. 15, 1941

	$
From Manitoba Telephone Syst.	2,168,049
Collect. by Farm Loans Ass'n.	800,000
From sinking funds	573,007
By amortization funds	538,103
Sundry principal collections	188,569
From revenue surplus	480,828
	4,748,556

Toronto Exchange List Holds Better in 1941

A wartime casualty has been the volume of shares traded on stock exchanges, but for 1941 T. A. Richardson, president of the Toronto Stock Exchange, finds comfort in the fact that:

"While the second full year of war brought further declines in security prices and shrinkage of share volume . . . . during 1941, the extent of the decline was much less than in 1940 and most divisions of the list finished the period well above the lows for the year."

He adds that some drop in volume was to be expected as only trading that originated within Canada was a factor last year, with practically all foreign business eliminated.

Since the Toronto Stock Exchange and the Standard Stock and Mining Exchange were amalgamated share volume and dollar value of transactions have been as follows:

	Share volume	Dollar value
1941	53,258,384	$82,865,593
1940	74,930,621	132,515,961
1939	120,930,702	293,293,960
1938	212,186,809	444,406,572
1937	276,528,718	650,980,963
1936	450,949,705	699,261,852
1935	173,195,744	344,331,463
1934	341,320,973	414,635,654

The largest one-day volume last year was Sept. 10, when 587,031 shares were traded, and the lowest in May, when 47,428 shares changed hands. Rising prices prevailed on the former occasion and declines were the rule on the latter.

Among industrial stocks, the most actively traded issues showed only minor changes in price over the year. The list of ten most active industrials shows four closing the year with gains and six with losses.

The most active shares in three classes on the Toronto exchange last year were:

Ten Most Active Industrials	Volume	Last	Net change
Imperial Oil	161,659	9	—¼
C. P. R.	149,460	5⅜	—⅛
Inter. Pete.	95,087	13½	—1
Brazilian	93,524	7½	+1
Cons. Paper	78,642	3⅛	—⅞
Ford, A	72,616	15¾	+1
Standard Radio	66,830	3⅝	+1
B. A. Oil	63,927	17¾	+⅜
Massey-Harris	57,609	1.85	—1¼
Abitibi Pr	51,505	5½	—1⅛
Five Most Active Mining Stocks			
Duquesne	2,510,732	9¾	—.02¾
Malartic G. F.	2,290,023	2.18	+1.14
Slave Lake	1,787,540	6¼	—.07¼
Broulan	1,462,571	59	—.38
Bidgood	1,409,897	9¼	+¼
Five Active Higher Priced Mines			
Nickel	95,686	35	+¾
Hudson Bay	58,791	28	+1
Noranda	51,158	49	—8
Smelters	30,619	38¼	—⅛
McIntyre	24,035	44½	—7½

Aberhart Moratorium Counters Court Ruling

From Our Own Correspondent

EDMONTON.—Alberta's confusing debt legislation picture was confused further by last week's government declaration of a one-month moratorium on debts incurred prior to July 1, 1936, by the hint that negotiations on a debt refunding plan may have come to an end.

The moratorium, effective to Feb. 15, appeared to be a direct answer to recent court rulings which wiped out more of the government's debt legislation on the ground that it was beyond provincial powers. It also gave definite indication that Premier Aberhart and his cabinet are authorizing further debt statutes to come before the legislative session which opens here Jan. 29.

In recent weeks the Supreme Court of Canada declared the Alberta Debt Adjustment Act ultra vires and the Supreme Court of Alberta judgment of Mr. Justice O'Connor gave a similar verdict on the Orderly Payment of Land Debts Act. The province has announced it will appeal the Supreme Court of Canada ruling to the Privy Council.

The moratorium was made to apply to all debts incurred prior to July 1, 1936, with the exception of those owing to governments, farm loan or soldier settlement boards and other specific exemptions.

Many regarded as more important the rumor that the Alberta debt refunding committee may not resume its sittings. It was reported the provincial cabinet was considering reconvening the group, representing the province and bondholders, but no announcement had been made.

Week in Wheat

Wheat Prices Above Official Board Price

Supply From Farmers Delivering to Country Elevators — Demand For Domestic Milling—Board Selling as a Market Factor

Wheat prices have been stronger during the past week, with May wheat reaching 80 cents a bushel and July 81 cents. That represents approximately five cents a bushel above the basic Wheat Board initial price, so far as Manitoba and Saskatchewan are concerned, and smaller differentials in Alberta, where local Wheat Board prices are based on freight rates to Vancouver.

The supply comes from farmers delivering wheat to country elevators, who choose the higher open market price in preference to turning their wheat over to the Board, and taking the chance of the participation certificates ultimately being of value. The demand is mostly from Canadian mills acquiring wheat for domestic milling.

Board Selling a Factor

The demand is believed to be somewhat greater than the quantity of new wheat sold on the open market by farmers, and observers feel the situation has given the Wheat Board a chance to dispose of fair quantities of its wheat in the open market.

Without much selling it is possible that the market might have had sufficient additional strength to attract such quantities of wheat as are now being delivered to the Board in Alberta and elsewhere, and the point is sometimes argued as to whether or not such a selling policy is actually reducing the total quantity of Wheat Board holdings. However, the fact that a certain line of action is attributed to the Board is to a certain extent a factor in the market.

• • •

Visible Supply Drops

The visible supply of Canadian wheat is now under 500 million bushels, having been maintained above that figure for only a brief period. A steady decline from now on until the end of the crop year is expected, as it is hardly likely that in any week deliveries of new wheat by farmers will exceed the quantity disposed of for export, for domestic milling and for feeding purposes.

Current expectations are that supplies of Canadian wheat will be reduced below 400 millions bushels by the end of the crop year, and some estimates considerably lower are in circulation. Since, however, the quantity to be shipped overseas to Great Britain, to Russia and possibly elsewhere during the next six months can only be guessed at, it is not possible to make anything in the way of an authoritative estimate. Very large purchases during the past week, up to 10 million bushels or more, are attributed to the British purchasing agency.

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British Reserves

Wheat reserves in Great Britain are understood to be at a high level, and further shipments there will presumably be made at times when shipping space can be most conveniently arranged. Very heavy shipments at one time might simply mean that the job of transporting wheat was being tackled in order that strains might be avoided at some later date.

Such wheat as is destined for Russian use is understood to be included in the British takings. Anticipated shipments to Russia have given rise to the belief that very large exports for the current year are due.

It would appear probable, from the extent to which Russian wheat lands have been occupied by the Germans, and the extent to which agricultural operations have been interfered with, that Russia can use to advantage all the wheat, for which shipping space can be found. It must not be assumed, however, that supplies for Russia will be exclusively drawn from Canada. The United States Government has a lot of wheat to dispose of, and although that country is careful not to attempt to supplant Canada as a source of supply for Great Britain, no corresponding delicacy will prevent the United States from offering wheat to Russia. The much higher prices which prevail for wheat in the United States as compared to Canada are not an obstacle under present conditions of furnishing supplies, when neither price nor the possibility of payment need to be taken into account.

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Argentina's Crop

The government of Argentina has estimated wheat production from the crop now being threshed at 220 million bushels, nearly 80 million bushels or approximately 26% less than last year. Grain men believe the estimate to be slightly high. The carry over from the previous year is estimated at 122 million bushels, and on account of the high quality of the crop, and the belief that it will store well, the government has decreed that millers must mill only old crop wheat. Argentina managed to export 87 million bushels of wheat including flour, during the past year, of which approximately 40 million bushels appear to have gone to Britain and Europe. Of that, some 13 million bushels were reported shipped to Spain. Shipments during the early part of the year were at a somewhat higher rate than in later months, and with the shipping shortage growing more acute it is doubted if Argentina can make corresponding exports during the current year. While a certain amount of space is bound to be available for grain on account of other items of export and import trade, there is a tendency for corn to be given the preference over wheat. The Argentine Government last year bought 16 vessels from Italy, and is reported to contemplate purchases of some Danish ships.

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Issues Booklet 'Farms Hold Key'

Under the caption "Farming Holds the Key," the Wawanesa Mutual Insurance Co. has issued a booklet dealing with the place of the farmer in the Canadian economy. The booklet, according to Dr. C. M. Vanstone, managing director, is part of a campaign by the company to emphasize the need of making rural life more attractive. The campaign will be carried on through the company's 2,000 agents and over 150,000 members across Canada, Dr. Vanstone states in the foreword. The booklet is being distributed through the company's Toronto office.

Commodities

	Latest week	Previous week	Same week last yr.
Cattle	$10.35	$10.00	$10.00
Hogs	15.25	15.20	11.10
Copper, lb.	.12	.12	.12
Cotton, lb.	.1968	.1932	.1062
Sugar, raw, lb.	*.0374	.0374	.0292
Wheat Man. (bu.)	.77¼	.76¾	.74
Coffee, lb.	*.09⅜	.09⅜	.05¼
Hides	*.15½	.15½	.13½
Weekly Indices			
Wood, Gundy	76.3	75.9	67.1
U. S. Labor	95.0	94.3	80.2
Dow Jones (future)	86.69	85.89	56.98
Fishers	102.6	102.3	86.1
Monthly Indices			
Canada (D.B.S.):			
Retail (Dec.)*	115.8	116.3	168.0
W'sale (Dec.)	93.8	94.0	84.2
U. S. (Oct.)	92.4	91.8	78.7
Gt. Brit. (Oct.)	154.6	154.3	....

Note:—The base of indices is that 1926 equals 100. *Base 1935-39 equals 100. The British index is Board of Trade converted to 1930 base.

Base of price quotations is as follows: Cattle—Steers, good, over 1,050 lb., top price, Toronto. Copper-electrolytic, New York. No. 7 coffee, Rio. Sugar—96 degrees centrifugal, c/f New York. Wheat—No. 1 Man. North., Ft. W.-Pt. A. basis.

*Ceiling prices issued by the office of Price Administration.

DIVIDEND NOTICES

The Bank of Toronto

Dividend No. 243

Notice is hereby given that a Dividend of Two and One-half per cent upon the Paid-up Capital Stock of this bank has been declared for the current quarter, and the same will be payable at the bank and its branches on and after the second day of March next, to shareholders of record on February 14th, 1942.

By Order of the Board.

F. H. MARSH, General Manager.

The Dominion Bank

Dividend No. 237

Notice is hereby given that a dividend of two and one-half per cent upon the paid up Capital Stock of this Institution has been declared for the quarter ending 31st January, 1942. The dividend will be payable at the Head Office of the Bank and its Branches on and after Monday, the 2nd day of February, 1942, to shareholders of record of the 15th January, 1942.

By Order of the Board.

ROBERT RAE, General Manager.

Toronto, 11th December, 1941.

SIMPSONS, LIMITED

Preference Dividend No. 44

NOTICE is hereby given that a Dividend of One dollar and sixty-two and one-half cents ($1.62½) per share on the Outstanding Paid-up Six and one-half per cent (6½%) Cumulative Preference Shares of the Company has been declared payable February 2, 1942, to shareholders of record as at the close of business on January 23, 1942. The transfer books will not be closed.

FRANK HAY, Secretary.

Toronto, January 16, 1942.

Britain Sacrifices Her Exports to Win

(Continued from page 9)

now being used for war production and two-thirds for storage (food, munitions, etc.)

A boot and shoe factory is now turning out torpedoes; a beauty cream factory is making anti-gas and medicated ointments; a hairpin factory is making aero-engine parts and a toy factory airplane frames.

In the textile industry some 132 factories have been closed.

In the hosiery industry, some 95,000 workers were formerly engaged; these have been reduced by about one-third and over three million feet of factory floor space has been released.

In the carpet industry, where 17,000 were employed, production is now down to only 10% of the pre-war total; only a few mills weave carpets at all and they employ a handful of workers compared with the numbers formerly engaged.

The firms that remain in any industry are called "nucleus" firms. Naturally a few problems have arisen where firms taken out of production have feared the possibility that the nucleus firm will seek to take advantage of its position to gain a permanent command of the trade in that industry. But such complaints have really been inconsequential in total. Business as a whole has played the game. Trade and industry associations have been an important factor in working out a fair selection of nucleus firms and distribution of business.

The firms that have been telescoped out of wartime existence usually retain a small skeleton staff of salesmen to make contacts with customers. In one case a sales office with a staff of 150 employees has been reduced to the sales manager and his secretary. He handles the orders that come in, transmits them to the nucleus firm—which was once his keenest competitor—and the goods are shipped from the nucleus firm under the brand name with the packaging labels of the firm with which the customer did business before the war. The customer knows (or must know) that he is getting a product made by a firm other than the one with which he placed the order, but his only clue to this is the fact that the shipping label is, say, Reading instead of Leeds.

Holding Back Supplies

Under Limitations of Supplies orders a great many products are simply not being released to retailers under any circumstances. These include nearly all products made of aluminum, steel, copper, brass, flax, raw silk and paper. For example, there will be no more Christmas cards in Britain for the duration of the war.

In pottery, glass and sanitary ware, retailers are allowed 60% of pre-war supplies delivered during the period June-November, 1939; in respect to trunks, bags, etc., of leather or leather substitutes the allotment is 33 1-3%; cameras, musical instruments, sports apparatus, 25%.

But in general where key raw materials are used, the limitation of supplies orders do not operate because it is impossible for the manufacturer to get the necessary materials anyway.

All of these measures are equally applicable to home trade and export trade. Britain has recognized its position to be that of a beleagured fortress, in imminent danger of invasion, and requiring to marshal every ounce of strength if the foe is to be ultimately beaten to his knees. If the British citizen is forced to make untold sacrifices—to do without many things that he has previously regarded as the very essentials of decent living—if business houses are required to abandon their normal sales promotion and advertising efforts, both at home and abroad it is because Britain realizes that nothing must be spared in winning the war.

"Britain," I was told by a member of the cabinet, "has regimented herself to a war economy. The people recognize their peril and have freely and happily accepted every burden and restriction we have laid upon them."

This, too, I was told "Canada must not expect to import from Britain during the war any article whose production would in the lightest degree weaken our war effort."

Britain no longer stencils the slogan "Britain delivers the Goods" on shipping cases and bales. It is felt that at a time when Britain cannot even manufacture more than a small quantity of goods for export the slogan has lost much of its meaning. The real intent and purpose of it was to pay tribute to British control of the seas; and this control still exists, thanks to the gallantry of the Royal Navy.

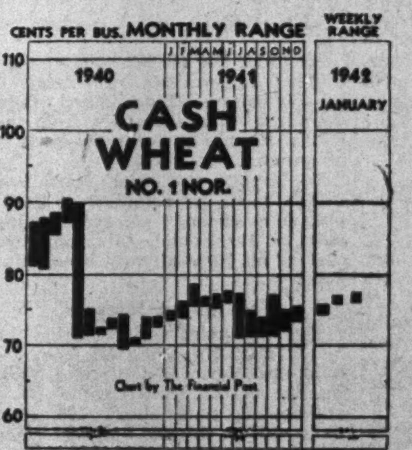
But it is felt that the slogan might give rise to misunderstanding; that it might encourage criticism from those which have been contending that Britain is all too willing to let American war materials supply her fighting men, while she uses her factories to look after her world trade.

Nothing could be farther from the truth. In fact, the very opposite is true. But Britain realizes that it not only is important to do the right thing; it is equally important that the world should appreciate the facts.

Buyers in some overseas markets, who have in the past depended upon British goods, have protested the sharp curtailment of shipments. An example is Argentina which has accumulated substantial amounts of blocked sterling which importers can not spend in these islands because such things as spares for automobiles and machinery, replacement parts for railway carriages and locomotives, etc., are simply unavailable. But Argentina's protest is not entirely sharp nor hard-pressed, for the people of Argentina recognize the difficulties under which Britain labors, with its industry almost wholly devoted to war purposes.

The Board of Trade, whose Department of Overseas Trade, has encouraged exporters to maintain their advertising abroad. The government desires that the prestige and the brand names of British goods should be kept before buyers in other countries. But British publications with foreign and empire circulations have been asked to publish warnings that the advertising of British lines does not necessarily imply that all of those mentioned are available for export.

Wheat Prices



Cash Quotations

	For Week Jan. 19 High	For Week Jan. 19 Low	Prev. Week High	Prev. Week Low
Wheat:				
1 Hard	.77¼	.76½	.76¾	.75⅝
1 Nor.	.77¼	.76½	.76¾	.75⅝
2 Nor.	.74	.73⅛	.73⅛	.72⅝
3 Nor.	.71⅞	.70⅞	.71⅛	.69⅞
4 Nor.	.71⅜	.70⅜	.70⅜	.68⅞
5 Wheat	.69⅞	.68½	.68¾	.66½
6 Wheat	.67⅞	.66½	.66¾	.64¾
Oats:				
2 C. W.	.51	.50¼	.51	.50½
3 C. W.	.49¾	.49⅜	.49¾	.49¼
Barley:				
1 Feed	.59⅝	.58¼	.59	.58
2 Feed	.58⅝	.57½	.58¼	.57¼
Flax:				
1 C. W.	1.61	1.57	1.58½	1.55¼
2 C. W.	1.58	1.54	1.56	1.53¾
Rye:				
2 C. W.	.65⅝	.63¾	.63⅝	.62⅝

Winnipeg Grain Futures

Week to Jan. 19, 1942

Crop year from Aug. 1, 1941 High	Crop year from Aug. 1, 1941 Low		Open Jan. 13	High for week	Low for week	Close Jan. 19	Close year ago
		Wheat					
.82¾	.76¼	May	.79½	.80	.79⅛	.79⅞	.77
.81	.77½	July	.80⅝	.81	.80⅝	.80⅞	.78⅝
		Oats					
.50	.38⅛	May	.49⅞	.49⅞	.49¼	.49¾	.34⅞
.49¼	.43⅛	July	.48⅞	.48⅞	.48¼	.48⅝	.33¼
.47⅛	.46⅞	Oct.	.....	.47⅛	.46⅞	.46⅞	.31⅛
		Barley					
.62¾	.49⅝	May	.62¼	.62¾	.61⅝	.62⅝	.45⅛
.61½	.55⅛	July	.61¼	.61½	.60¼	.61⅜	.43⅛
.60½	.57	Oct.	.60½	.60½	.59	.59	.....
		Flax					
1.64½	1.40¼	May	1.60	1.63¼	1.59	1.62¼	1.59⅛
1.64	1.48	July	1.59	1.62¾	1.58½	1.61¾	1.58
		Rye					
.67⅝	.51¾	May	.66⅜	.66⅝	.66	.66⅛	.49¼
.66⅝	.60⅝	July	.66⅜	.66⅝	.66½	.66⅛	.49¾

Week in Mining

Arbitration Moot Point In Kirkland Situation?

Reports on Humphrey Mitchell Conversations Conflict But Strikers Reported to Have Accepted Principle of "Mandatory Arbitration"

Kirkland Lake strikers and operators of eight affected gold mines are continuing their conversations with Minister of Labor Humphrey Mitchell but no official information has been given out on the course conversations are taking. A report that strikers have accepted in principle reference of the strike to the National Labor Board is discounted by a usually well-informed source which presents a very different picture.

According to this source, Mr. Mitchell has made certain concrete proposals which call for the following:

1. That men go back to work immediately.
2. That the question of union recognition be made subject to arbitration.
3. That the results of arbitration be made mandatory on both parties.

Reaction of the operators to this proposal is not known but miners are said to have accepted it "in principle."

Reject First Plan

A previous reported proposal of Mr. Mitchell would have involved each mine electing five representatives which would give a local committee of 40 to represent the miners.

These 40 men were then to elect a committee of five who would enter into negotiations for completion of a "master agreement." This is stated to have been turned down as operators considered that any such committee would likely be dominated by the C.I.O., recognition of which operators are refusing.

* * *

Mines Reiterate Stand

In a circular going forward to shareholders of the eight mines affected by the Kirkland Lake strike, operators reiterate their stand of not negotiating with the C.I.O. union.

Operators point out in their letter that foreign-born miners, many of them aliens, have been the strongest supporters of the strike. Of 1,134 foreign-born miners on the payroll on Nov. 18, 1941, when the strike started, 949 are out on strike. Of 3,030 British born miners on payrolls at Nov. 18, only 881 are still out on strike when deductions are made for 426 men who have withdrawn employment cards and presumably left the camp.

* * *

New Stadacona Plan

A new attempt is reported under way to straighten out Stadacona Rouyn's tangled affairs. Following recent test case decisions dealing with validity of the company's notes, handed down by Hon. Mr. Justice Boyer of the Superior Court, Montreal, a new re-organization plan is being worked out by some noteholders and shareholders.

In line with court decisions which would appear to validate a substantial amount rather than all of the 8% notes, which were originally authorized to the extent of $200.000 and were issued to the extent of over $2 millions, more generous terms may be offered to noteholders. Under a previous plan, creditors would have been paid in full, a 40% interest in a new company would have gone to noteholders while shareholders would have received a 60% interest.

High Grade at National

The north zone at National Malartic Gold Mines—financed by Noranda and Hollinger—has now been encountered in underground work, The Financial Post learns. Crosscuts have been put out from the shaft for 530 ft. at both the 500 and 700-ft. horizons and in the upper crosscut, a width of 30.7 ft. of ore has been intersected with the face still in ore. Muck samples from the first four rounds ran $12.60, $21, $9.10 and $8.40, with face samples approximately the same. Channel samples over 3-ft. intervals for the first 12 ft. ran $9.45, $50.75, $30.10 and $40.60.

On the steep dip to the north of the north structure, it is expected the 700-ft. level crosscut will encounter the ore zone within a further few days. Surface drilling of the north zone indicated an ore length of 700 ft. with ore intersections running greater than 30 ft. in places and carrying high grade sections. Crosscuts are entering the zone close to drill hole S-45 which returned an ore width of 53.8 ft. of $11.50 grade at 450 ft. depth.

* * *

Nabco Assays

Officials of Nabco Manganese have been encouraged by assays of ore concentrates received from Ottawa, according to G. F. Nablo, the company's president. From what Mr. Nablo says, the mill has required somewhat less than the anticipated amount of adjustment to turn out the 48% grade of manganese concentrate expected.

Four assays returned from Ottawa gave the following values:

Sample:	Mn %	Fe %	SiO_2 %	Al_2O_3 %
No. 93 (hand-picked ore)	54.00	0.60	9.70	1.52
No. 94 (jig concentrates) ...	50.24	0.50	12.05	1.68
No. 95 (table concentrates) ...	51.28	2.64	5.56	7.37
No. 96 (1st jig concentrates) ...	49.80	1.39	12.17	4.51

The mill is not yet operating at capacity and it is thought that several more weeks may elapse before capacity operations are attained. Consideration is at present being given to installation of a plant through which the "fines" from the concentration process might be turned into metallic manganese.

Nabco Manganese, operating at Gowland Mountain, near Elgin, N.B., is Canada's only producer of manganese, used in steel-making

Francoeur's Ore To West Of Important Calibre

Drift exploration in the new west zone at Francoeur Gold Mines—located 2,300 ft. from the main shaft—has revealed ore at the third level over a length of 550 ft. with a further high grade ore body shown in drilling to the north indicated for a length of 300 ft. running 20 ft. wide. From preliminary surface drilling, it is expected a further 100 ft. of ore will be opened up in the present drift sector.

The new ore in the west drift is contained in four sections which run as follows from east to west:

Section:	Length ft.	Ore Width in.	Grade oz.
A	134.0	69	0.210
B	94.5	61	0.225
C	189.0	66	0.313
D	125.5	73	0.258

The expected further 100 ft. of ore will represent a western extension on the "D" ore section.

The new ore body indicated to the north of the drift ore appears to run considerably higher grade. It was cut in a crosscut put out to the north from the drift at the west end of the "B" ore shoot. Flat drill holes put out at 25-ft. intervals to the east from the main drift have given the following intersections from west to east:

Hole:	Ore Width ft.	Grade oz.
No. 4	21.6	0.713
No. 5	27.3	0.325
No. 6	30.0	0.433
No. 7	12.0	0.228

A drill intersection at 100 ft. west of the crosscut gave a width of 5 ft. grading 0.39 oz. in the same hanging wall zone. The gold content is well above mine average and conceivably might have an important effect on mill heads. The drill core shows a persistent enriched section in the structure, the logs of No. 4 hole being: 5.3 ft. grading 0.08 oz.; 2.2 ft. grading 1.50 oz.; 2.8 ft. grading 0.36 oz.; 2.3 ft. of 0.84 oz.; 5.6 ft. of 1.44 oz., and 4.4 ft. of 0.20 oz.

To Do More Drilling

Further horizontal diamond drilling is planned in the hanging wall as drifting advances. A working raise is at present being put up in the "C" section to provide ventilation and servicing facilities. An electric locomotive is now being used for hauling and stoping of the west ore bodies will be proceeded with in February.

Extensive areas are known to exist which are likely places to search for further ore bodies. Recent disclosures at 1,000 ft. depth on the main fault zone, at the adjoining Arntfield mine, are of important significance to the No. 1 shaft area at Francoeur. Consideration will be given to dewatering the No. 1 shaft during 1942.

Cyanide equipment has been installed and installation of a tube mill — planned for the second quarter of 1942 — will have the effect of increasing mill capacity to 400 tons a day from the current rate of about 215 tons daily.

Vermilion Gets C. N. R. Order

Franco Subsidiary to Supply 350,000 Bbls. Fuel Oil

An order for 350,000 bbls. of conditioned fuel oil has been received by Vermilion Consolidated Oils, subsidiary of Franco Oils, from the C.N.R. for use in locomotives, it is announced.

To supply this fuel, Vermilion Consolidated has completed a 2,000-bbl. daily capacity oil conditioning plant at Borradaile, Alta., and two cars of oil have already been shipped.

See Output Increase

The new plant will condition the heavy viscosity crude oil from the adjoining Vermilion oil field. During the present cold weather, it is anticipated that about 500 bbls. daily will be shipped and that when warmer weather comes this amount will be increased.

As a result of an amalgamation in 1941, Vermilion Consolidated acquired 11 wells known as Vermilion Consolidated Oils Nos. 1 to 11, inclusive.

These wells with their locations and previous names are as follows:

Well No.	Location L.s.d.	Sec.	Twp.	Previous Name
1	1	14	49-6w4	Franco-Vermil. 1
2	13	20	50-5w4	Franco-Battl. 2
3	13	20	48-5w4	Franco-Battl. 3
4	13	32	47-5w4	Franco-Battl. 1
5	12	25	50-6w4	Franco-Dalton 1
6	16	19	50-5w4	Franco-Hamers 1
7	9	19	50-5w4	Franco-Hamers 2
8	8	19	50-5w4	Franco-Hamers 3
9	15	19	50-5w4	Franco-Hamers 4
10	13	36	49-6w4	....
11	3	5	48-5w4	Pacalta-Battl. 1

This Statement Did Not Appear

In a circular of C. C. Cross & Co., it is stated:

"A recent article in The Financial Post, commenting on the intense public interest displayed in Drilling Royalties, observed: 'Investors are now finding in Oil Royalties those profits often sought in mining securities but in vain.'"

The Financial Post wants it distinctly understood that no such quotation has ever appeared in its editorial columns.

Strike Affects Macassa Profit

But 1941 Earnings Still 37.3 Cents a Share Compared With 40.4 Cents

While the strike in the Kirkland Lake area served to reduce the fourth quarter profit of Macassa Mines to an estimated $206.124 or 7.70 cents a share, earnings for 1941 totalled $1,000,152 or 37.34 cents a share. This compares with net profit of $1,082,074 or 40.4 cents a share in the preceding year.

Including $511,000 for the last quarter, recovery in 1941 totalled $2,495,886 from 142,333 tons of ore milled, giving an average recovery of $17.53 per ton. In the previous year $2,651,718 had been recovered from treatment of 150,674 tons of ore for an average recovery of $17.60 per ton.

In spite of the strike in effect at the company's mine, December production amounted to $125,350 from 5,597 tons of ore milled. This represents a value of $22.40 per ton.

Comparison of 1941 results with 1940 figures shows:

Lower bullion production.
Lower operating costs.
Higher depreciation charges.
Higher taxes.
Greater sundry income.

Comparative figures for 1941 and 1940 are as follows:

Estimated Earnings
Periods Ended Dec. 31

	12 mos. 1941 $	12 mos. 1940 $
Gr. val. of prod.	2,495,886	2,651,718
Less: Devel., oper., exp. & admin. ...	944,280	1,006,526
Depr. on plant, equip. & def. dev. w/o ...	117,083	230,518
Res. for taxes	463,470	363,949
Est. net oper. profit ..	971,053	1,050,725
Add: Sundry inc.	29,095	31,349
Total est. net earn. ..	1,000,148	1,082,074

Note:—In the 1940 statement, no allowance was made for expenditures on No. 2 shaft and outside exploration.

Earns. per Share	$0.373	$0.404
Tons Milled	142.333	150.674
Av. Recov. per Ton ..	$17.53	$17.60

Output Holds At Bralorne

Good Last Quarter Keeps Total Close to Figure For 1940

With production showing a considerable jump the last quarter of 1941, Bralorne Mines turned out nearly as much gold in 1941 as in the preceding year. Output for 1941 totalled $3,890,925 from 191,970 tons of ore, an average of $20.27 per ton. This compared with output of $3,899,335 from 191,412 tons of ore and average recovery of $20.37 per ton for 1940.

Recovery in the fourth quarter exceeded the million-dollar mark at $1,025,948 from 50,430 tons of ore, an average of $20.34 per ton. In the quarter before, $897,897 was recovered from 46,398 tons of ore, an average of $19.35 per ton.

Development Satisfactory

Development on and below the 14th level is satisfactory the company states. No major capital expenditures are expected in the immediate future.

The profit of Bralorne's Nevada subsidiary, Summit King Mines, was about the same as in previous quarters. New ore found below the 400-ft. level has more than replaced ore mined. Summit King continues to repay funds advanced to it by Bralorne Mines and the excess of quick assets over current liabilities now almost equals the balance of the loan.

At Buccaneer Mines, in which Bralorne is interested, dilution of ore with wall rock has made mill heads lower than anticipated. A change is being made in the mining method to eliminate this difficulty. The exploration department continues to look for new properties and particularly for metals important for national defense.

Jukes to Head B. C. Miners

Succeeds Gomer L. Jones as President of B. C. Chamber of Mines

From Our Own Correspondent

VANCOUVER. — A. E. Jukes, president of Gold Belt Mining Co. and a director of Sheep Creek Gold Mines, is the new president of the British Columbia Chamber of Mines, succeeding Gomer L. Jones.

At the annual meeting held in Vancouver last week Manager Frank Woodside and other speakers told of the new emphasis being placed by war demands on base metals, and urged that the Canadian government make representations to Washington seeking removal or reduction of the tariff on lead and zinc.

Would Help Kootenay

Such concessions, it was claimed, would lead to revival of several mines in the Kootenay and other districts of British Columbia which are unable to operate at a profit on Canadian prices, but which might find the increased U. S. values an incentive to production.

Several other organizations have adopted a similar attitude, and the Rossland Board of Trade last week went on record as favoring tariff readjustments to open the way for increased mining production, especially in the Slocan.

Dome Earnings Slightly Lower

Dividend Rate of $2 Nearly Covered as Profit $1.98 a Share

Despite higher "other income" and elimination of the expense of foreign exchange, Dome earnings moved slightly lower in 1941 due to the combination of increased taxes and heavier operating expenses.

Estimated net profit for the year of $3,846,421 was equal to $1.98 a share compared with $2.06 a share in 1940. Earnings for the year, however, were only 2 cents a share short of the dividend rate of $2 a share per annum, Canadian funds.

More Ore Treated

Although tonnage of ore milled increased from 621,600 to 627,700 tons, bullion recovery declined over $150,000 to $7,769,368, reflecting treatment of a somewhat lower average grade of ore. Operating costs, rising nearly $140,000 were a factor contributing to somewhat lower earnings

Favorable factors were the increase in non-operating income from $604,268 to $732,348 and elimination of the $195,722 expense item of 1940 in connection with payment of dividends in United States funds. Outside exploration charges showed a reduction to $31,823 in 1941 from the $76,225 charged to this account in 1940.

Details of results of 1941 operations are as follows:

Estimated Earnings
12 Months Ended Dec. 31

	1941 $	1940 $
Bullion production ..	7,769,368	7,933,786
Less: Devel., oper. & gen. exps.	2,752,275	2,614,811
Prov. for taxes	1,762,498	1,562,663
Depreciation	108,699	82,110
Outside expl. w/o .	31,823	76,225
Operating income	3,114,073	3,597,977
Add: Non-oper. inc. .	732,348	604,268
Less: Foreign exch. ..	......	195,722
Est. net profit	3,846,421	4,006,523
Earnings per Share ..	$1.98	$2.06
Production:		
Tons milled	627,700	621,600
Fine oz. gold	201,472	205,584
Recovery per ton ..	$12.38	$12.76

Powell Results Off Slightly

Production Necessarily Cut in Fourth Quarter Due to Shaft Overhaul

Reflecting treatment of a lower tonnage necessitated by a shaft overhaul, Powell Rouyn Gold Mines operating profit was slightly lower at $73,636 the last quarter of 1941 compared with $87,363 the preceding three months. Figures in each case are before depreciation, pre-production write-offs and taxes.

Production the last quarter of 1941 was $364,650 from 82,231 tons of ore, an average of $4.43 a ton. This compares with $385,832 from 87,492 tons of ore and average recovery of $4.41 a ton the previous three months. Details of operating results the last quarter of 1941 are as follows:

	Treated at Powell Mill tons	Treated at Noranda Sm'ter. tons	Total treated tons	Total gross value $
December .	13,503	14,811	28,314	130,630
November .	12,150	17,015	29,165	137,311
October ...	14,148	10,604	24,752	96,709
Total	39,801	42,430	82,231	364,650

In October, while the main shaft was being overhauled, hoisting of ore was restricted and production was somewhat curtailed. During the remainder of the quarter, operations were normal.

Drifting south on the various levels was continued in the final quarter of 1941. The south drift on the 1,550-ft. level was advanced a further 292 ft. with excellent results. The following is a summary of widths and values disclosed on the last 554 ft. of this drift:

Position:	Length ft.	Aver. width ft.	Grade per ton oz.	Value per ton $
North end .	186	6.7	0.141	5.43
South end .	368	19.1	0.164	6.31

Development of a parallel formation 800 ft. to the west of the main vein, while proving structure, has so far failed to indicate any substantial quantity of commercial ore. Further exploration is planned. A programme of exploratory diamond drilling is being carried out on the south part of the company's property and is stated to be meeting with encouragement.

Working capital has continued to show improvement. As at Dec. 31, 1941, current assets totalled $288,402 against current liabilities of $74,355, leaving working capital of $214,047. Three months earlier, working capital was $167,353.

Mining Enquiry

Quebec Manitou

Can you tell me how Quebec Manitou Mines is interested in the new proposition Golden Manitou Mines? I am a shareholder in Quebec Manitou and any information you can give me on Quebec Manitou and the new company will be appreciated.

Quebec Manitou Mines is receiving 1,500.000 shares of Golden Manitou Mines for part of its property turned over to the new company and it is planned to distribute these shares on a basis of one Golden Manitou share for each two shares of Quebec Manitou held. You will still retain your shares in Quebec Manitou Mines, however, the original company continuing its existence and continuing to hold certain undeveloped claims adjoining those turned over to Golden Manitou.

Positive ore on the Golden Manitou property is estimated at 500,000 tons down to the 375-ft. level, with an additional million tons indicated by drilling down to the 650-ft. horizon. The mill being erected on property will have a capacity of 600 tons daily, and the management expects to realize an operating profit of around $5 a ton, although it is hard to make accurate statements on profits to be realized before actual milling commences.

The bond issue for financing the plant is $850,000. Golden Manitou is capitalized at 3.5 million shares, while Quebec Manitou has a capitalization of 3 million shares.

Week in Oils

Major 4 Big Well

From Our Own Correspondent

CALGARY.—For the past few months, one after another, new completions have been pushing the proven area of Turner Valley northward, and one after another have been developing production greater than the average yield in any of the older producing parts of the field.

This week there is a new completion, Major Oil Investments No. 4. Living up to the precedent established by earlier completions, Major No. 4 has pushed the proved area another quarter of a mile northward, and has developed a flush yield after light acidizing that indicates the well may be among the largest producers in the field.

Major No. 4 is in L.S.D. 8 8-21-3w5, quarter of a mile due north of the Major No. 3 well, which, since completion three months ago, has rated as the largest producer in the field and, until Major No. 4, the most northerly producer in the field. The new completion halted drilling 421 ft. in the lime at 7,836 ft.

* * *

Flush Output Impresses

Kicked off with booster gas, the well produced between 16 and 20 bbls. hourly with aid of the high-pressure input gas. A 750-gallon treatment of "mud acid" was applied and the well responded with a booster gas-aided flow of 26 bbls. hourly. Then a 1,000 gallon treatment of regular acid was applied, and the well flushed at between 100 and 120 bbls. per hour.

After a few hours, however, the tubing parted a short distance below the control head, the control valves broke, and the well began blowing through the derrick out of control. Early this week the crew had killed the well with water, and was fishing out the lost tubing. Acidizing was expected to be completed later, preparatory to placing the well on Conservation Board test.

While there is little doubt but that Major No. 4 will be among the largest wells in the field, it is not yet possible to predict the well's settled potential.

* * *

Another Test Finishing

Within the next two weeks, another test should be completed to extend the proved area a full 1¼ miles north and west of Major Nos. 3 and 4.

Atlas-British Dominion No. 2, deep west flank test located in L.S.D. 4 17-21-3w5, topped the Madison limestone last week at 8,283 ft., halted drilling 68 ft. in the limestone at 8,351 ft., cemented production string of casing, and resumed drilling to completion on Monday.

Atlas 2 topped the limestone at an elevation of 4,138 ft. below sea level, approximately the same elevation as at the big Ace Royalties No. 1 producer and 116 ft. higher structurally than at Alberta Oil Incomes No. 2, located about two miles to the south and east.

Grease Creek Progresses

Outstanding news from outside Turner Valley this week was confirmation of the Grit Bed marker at the Northwest Co.—Grease Creek No. 2 test. The marker was topped at 5,045 ft. and drilling is now proceeding in the Upper Blairmore formation below 5,415 ft. The Madison limestone objective is looked for around 7,500 ft.

The Grease Creek venture is located on a Foothills structure some 45 miles north and west of Calgary. Structurally, the field is best compared with Turner Valley. A straight line drawn northward from the line of drill-tests and producers in the north extension of Turner Valley would pass through the Grease Creek well. Its successful completion, and its proving of an oilfield at Grease Creek, would open up the possibility of additional oilfields being discovered on other potential structures along this foothills line, such as the Jumping Pound Structure, about midway between Turner Valley and Grease Creek.

* * *

Davies Makes Deal

An agreement has been reached between Davies Petroleums and Lion Oils for development of the extensive Davies Pete. acreage in the north Turner Valley extension. The first well, to be known as Lion-Davies No. 1, has been staked in L.S.D. 3 14-22-4w5, and is to be drilled immediately. A light portable rotary rig will be used to start the venture, with a change to heavier equipment being made later. The contractor is Lion Drilling Co. The location has been favorably reported on by Dr. J. O. G. Sanderson, who states that the Madison lime objective may be reached around 7,400 ft.

* * *

Many Porous Horizons!

Foothills No. 10, Imperial Oil group test on the east side of the north extension area, provided the third piece of outstanding news this week. Drilling through a folded body of limestone, the well has so far recorded five porous horizons with a total thickness of 420 ft., and has probably so far drilled at least one more porous horizon, although exact data on this is not yet available. Early this week, drilling was still in progress with the rotary bit 1,443 ft., in the Madison at 8,062 ft. Normally, a Turner Valley well penetrates only two porous horizons, with a total thickness of around 175 ft.

That the zones found at Foothills 10 are productive is evidenced by the fact that considerable oil is steadily coming into the hole, thinning out the rotary drill fluid. It is not yet possible, of course, to predict how large a producer the well might be.

On the central west flank of Turner Valley, Drillers & Producers No. 3 well completed drilling early this week. Bottom is at 8,152 ft. 449 ft. in the Madison limestone. The venture is in L.S.D. 3 7-19-2w5, quarter of a mile south of the Pacific Pete. No. 5 producer.

Dom. Bridge Has Peak Year

Production 50% Up on 1940; Working 24-Hour Day

Output of Dominion Bridge Co. during the fiscal year ended Oct. 31 was by far the largest in the company's history, the annual statement reveals. Production was 157,600 tons, 50% greater than the previous year. This does not include special work such as brass cartridge cases, shells and similar products.

An exceptionally large tonnage of structural steel and plate work for firms extending their plants for war orders was supplied, states W. F. Angus, president. This necessitated working all plants on a 24-hour schedule.

The rolling mill at Calgary, idle for a number of years, has been put into production and is furnishing steel to shipbuilding plants on the Pacific Coast as well as the Dominion Bridge plants in Vancouver which have been busy fabricating ship frames and supplying boilers to the local builders.

Expenditures on capital account during the year were $589,000. Special depreciation rates have been allowed as much of the expenditure has been made on account of war work.

Jason Output Rises Last Month of 1941

An increase in gold production was recorded by Jason Mines in December, 1941. Output was $66,814 secured from milling of 3,955 tons of ore for an average recovery of $16.89 per ton. In the previous month, $63,885 had been secured from milling 4,044 tons.

Production of all 1941 totalled $766,916 from 48,227 tons of ore, an average of $15.90 per ton.

Alberta Bonuses At $19 Millions

From Our Own Correspondent

EDMONTON. — Three federal bonus schemes will provide $19 millions to Alberta farmers by the time all cheques have been sent out, according to E. L. Gray of Regina, director of the wheat acreage reduction plan for the Prairie Provinces.

It was estimated the wheat acreage reduction plan would mean $8 millions to Alberta farmers; the Prairie Farm Assistance Act would mean $6 millions, and the prairie farm income payment would be $5 millions. The latter is on the basis of 75 cents per cultivated acre up to a maximum of 200 acres.

Thousands of claims have been filed for the various bonuses and payments are going out rapidly, it was reported.

Ault & Wiborg Sales Up 30%

Expect 1941 Net to Show Favorably Against Year Ago

Annual statement of Ault & Wiborg Proprietary Ltd. for the year ended Dec. 31, 1941, is scheduled to make its appearance in March and present indications are that the year's profits will compare favorably with those for 1940.

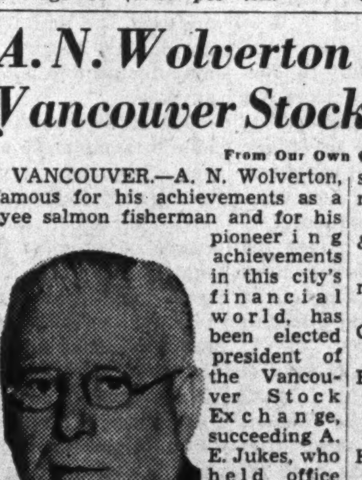
Business volume during the year was about 30% better than in 1940. While taxes will be appreciably higher, it is believed that improved business will be sufficient to offset higher charges.

In 1940 Ault & Wiborg reported a net profit of $3.05 a common share as compared with $3.94 in the previous year.

International conditions have given the company some difficult problems to solve in view of the fact that it imports a wide variety of raw materials, principally chemicals, gums and resins.

A. N. Wolverton President Vancouver Stock Exchange

From Our Own Correspondent



A. N. WOLVERTON

VANCOUVER.—A. N. Wolverton, famous for his achievements as a tyee salmon fisherman and for his pioneering achievements in this city's financial world, has been elected president of the Vancouver Stock Exchange, succeeding A. E. Jukes, who held office for the past two years.

The honor is nothing new for Mr. Wolverton, for this is the fourth occasion during his 32 years of membership in the exchange that he has held the presidential office. His firm, incidentally, holds the No. 1 seat in the exchange, dating its membership back to 1910.

K. L. Patton of James Richardson & Sons is the new vice-president.

Members of the managing committee are:

A. E. Chilcott of C. M. Oliver & Co.

J. A. McMahon of McMahon & Burns.

P. A. Wootton of Western City Co.

A. E. Jukes of A. E. Jukes & Co.

D. F. McKenzie of D. F. McKenzie & Co.

M. Holland of Holland & Lamprey.

J. C. Ross of Ross Whittall & Company.

The exchange reported a difficult year with trading at the lowest point in years. Shares traded were 4.7 million representing a value of $1.9 million. In the previous year 9 million shares were traded representing $3.1 millions. In the boom years values climbed to over $20 millions.

NORTHEND PETROLEUMS No. 1
Drilling Below 2863 Feet of Depth
LOCATED immediately North and East of MAJOR No. 4 the last big completion in the NORTH EXTENSION OF TURNER VALLEY

The drilling contracts for the Northend Petroleums wells cover entire cost of production and surface equipment including up to 2,500 gallons of acid.

BARRETT SEGUIN & COMPANY
Members of
THE TORONTO STOCK EXCHANGE
THE ALBERTA PETROLEUM ASSOCIATION
THE OIL ROYALTY DEALERS' ASSOCIATION OF ONTARIO
Toronto Office 330 Bay Street, Wa. 7631 — Hamilton Office 28 James St. South, 7-3656

Company Reports

Dominion Bridge

Under the impact of record business in the year ended Oct. 31, 1941, net profits of Dominion Bridge Co. climbed to $1.89 a share from $1.35 in the previous fiscal year. Profits from contracts, interest and exchange and miscellaneous income more than doubled to $4.5 millions from $2 millions the year preceding. Income taxes were more than tripled to $2.8 millions.

Balance sheet as at Oct. 31, 1941, shows elimination of a $819,774 bank overdraft which appeared in last year's statement.

Cons. Income and Surplus Account
Years Ended Oct. 31

	1941 $	1940 $
Contracts profit, etc. .	4,507,262	2,067,479
Add: Invest. revenue	116,305	133,250
Prof. equip. sold ..	17,854	22,657
Net earnings	4,641,421	2,223,386
Less: Directors' fees .	24,340	23,640
Exec. salaries	91,500	82,000
Legal fees	3,639	4,054
Tax reserve	2,815,181	832,292
Depreciation	733,796	582,105
Net profit	972,965	699,295
Less: Dividends	616,741	616,741
Surplus for year	356,224	82,554
Add: Prev. surplus ..	1,911,456	1,828,902
Surplus forward	2,267,680	1,911,456
Working Capital	$	$
Current assets	15,874,081	13,291,345
Current liabilities	6,921,078	4,881,449
Working capital	8,953,003	8,409,896

British Mortgage

Higher operating earnings and a drop in the tax allowance brought the highest net profits realized by the British Mortgage & Trust Corp. of Ontario, Stratford, since 1935.

Nelson Monteith, president, points out that despite substantial withdrawals for the 1941 Victory Loan, public funds entrusted to the company gained $110,000 in the year. Estates under management showed a drop, owing to the completion of administration of certain relatively large estates.

As a precautionary measure, $200,000 is to be transferred from general reserve to investment reserve. Mr. Monteith states that it is not anticipated this reserve will have to be used. The investment reserve fund now totals $325,000, and the general reserve $500,000. Paid-up capital remains unchanged at $1,000,000.

Annual meeting will be held Feb. 12, at Stratford.

Income and Surplus Account
Years Ended Dec. 31

	1941 $	1940 $
Net earnings	100,185	96,988
Less: Res. for taxes ..	13,500	16,000
Net profit	86,685	80,988
Less: Dividends	80,000	80,000
Surplus for year	6,685	988
Add: Prev. surplus ..	40,823	39,835
Surplus forward	47,508	40,823
Earned per Share	$8.67	$8.10
Paid	8.00	8.00
Liabilities to Public	$	$
Gtd. invest. receipts .	3,383,391	3,341,201
Deposits	2,369,823	2,302,153
	5,753,214	5,643,354
Secured by:		
Liquid assets	2,382,136	1,983,468
Mortgages & int. ..	3,371,078	3,659,886
Other net assets ...	1,872,608	1,865,823
	7,625,822	7,509,177
Estates, etc.	850,301	1,120,683

United Distillers

United Distillers of Canada Ltd. had improved results in the fiscal year ended Sept. 30, 1941, with net profit equalling 7 cents a share as compared with 5 cents in the previous year, despite tripling of taxes. During the year bank loans were reduced to $148,212 from $225,883.

Balance sheet consolidates all the subsidiary companies except United Distillers (of America) Ltd. which had a profit in the year of $10,765 to reduce its deficit as at Sept. 30, 1941, to $226,445. This has been provided for in the books of United Distillers of Canada through a write-down in the investment account from $762,577 to $200,000, a corresponding reduction of $562,577 being made in the stated value of the issue share capital of the parent company.

Cons. Income and Surplus Account
Years Ended Sept. 30

	1941 $	1940 $
Gross profit	201,012	150,519
Less: Exec. salaries ..	28,700	28,700
Legal fees	1,399	380
Bad debts	4,485	......
Depreciation	49,757	48,633
Interest	14,820	17,382
Taxes	45,432	16,836
Net profit	56,417	38,570
Add: Prev. surplus ..	86,333	47,763
Less: W/o misc. invs.	8,945	......
Surplus forward	133,805	86,333
Working Capital	$	$
Current assets	964,690	912,273
Current liabilities	287,425	346,019
Working capital	677,265	566,254

Blackout Demands Boost Plywood Use

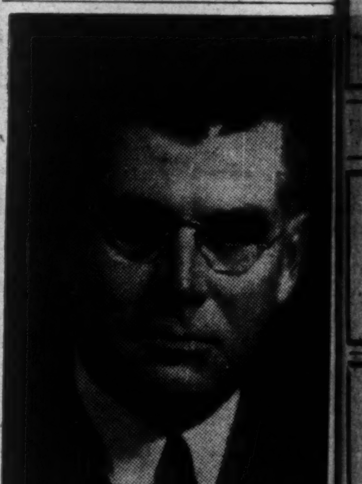
Blackout preparations have brought heavy demands for plywood in both the United States and Canada. Canadian Western Lumber Company reports this branch of the business exceedingly busy. Large aircraft plants in the United States, office buildings and other factories are reported making substantial use of plywood for this purpose.

MELCHERS WARRANTS EXTENDED

Melchers Distilleries Ltd., has informed the Montreal Curb Market that date of cancellation and termination of fractional warrants for the one quarter preferred and common shares has been extended to Dec. 31, 1942.

JOINS FLEURY BOARD

Harold F. Freeburne, Hamilton, has been elected a director of Fleury-Bissell Ltd. to fill a vacancy on the board.



GOES TO WPTB

Arthur L. Brown has been appointed to the Wartime Prices and Trade Board as administrator of electrical equipment. During the last Great War he served with Imperial Ministry of Munitions Inspections Branch. He then joined Northern Electric Co. Ltd. and last year he was appointed assistant general sales manager. For three terms Mr. Brown was president of the Radio Manufacturers Association.

NEW SCHEDULES
TCA
2 Hours *Non-Stop* to NEW YORK
3 FLIGHTS DAILY
Lv. TORONTO ..10.35 a.m., 5.00 p.m., (c) 11.30 p.m.
(c) daily except Saturday
Return: Lv. NEW YORK (b) 8.00 a.m. 2.30 p.m. 8.00 p.m.
(b) daily except Sunday
Times shown are Standard, at Airport
Convenient connections at New York for Philadelphia, Baltimore, Washington, Hartford, Providence and Boston.
Twin-Engined Lockheed Air Liners
Stewardess service — Refreshments aloft.
TRANS-CANADA AIR LINES
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The Metals Battle in the World of Tomorrow

New Uses, New Capacity May Alter Situation With Peace

By GORDON M. GRANT
Staff Writer, The Financial Post

A "battle of metals" is currently under way—a battle to secure metals needed to satiate the appetite of Mars and to ensure ultimate victory. But mining executives see in this but a prelude to another, and very different battle of metals, a battle to materialize after the war.

Building up of non-ferrous metal producing capacity in Canada and the United States has been one of the outstanding developments of the last two years. It has been aimed, and will continue to be aimed, at a productive effort the Axis cannot hope to match. But arising out of this expansion is foreseen a curious if unexpected postwar competition among various metals due to the direction which expansion itself has taken.

Aluminum Big Factor

Expansion of capacity has been primarily conditioned by the needs of the war effort. Aluminum and magnesium—needed for airplanes—are receiving great attention. North American aluminum productive capacity is expected to be tripled by next summer as compared with 1939 plant capacity. Magnesium, still rather unfamiliar, was only turned out at a rate of 2,000 to 3,000 tons a year in the United States before the war; none was turned out in either Canada or South America. But before the war is over more than 100,000 tons of this light but strong metal will be turned out a year.

Capacity for producing nickel, copper and zinc has been increased since the war broke out and facilities in the United States are being greatly expanded as regards the last two of these metals.

Copper Versus Aluminum

At present, industry can use all the non-ferrous metals that can possibly be turned out. There is no competition of metals. But after the war, copper may be at loggerheads with its great competitor aluminum. Aluminum producing capacity on this continent was so limited prior to the war that aluminum did not interfere seriously with the demand for copper. When this war is finished, however, there is going to be an abundance of aluminum. Some people have already been trying to figure out if a peacetime plane industry could use as much aluminum as is to be used in fighting planes.

Aluminum Price Higher

Fortunately from the viewpoint of the copper producer, aluminum sells at somewhat more than copper does on a per pound basis. But aluminum is lighter than copper and a pound of aluminum will often go further than a pound of copper.

Aluminum is regarded as almost certain to invade some fields now dominated by copper. To offset this, copper producers may conceivably carry on research work to find new uses for their metal, just as nickel producers have developed new uses for their product.

Canadian copper producers, it seems, may be relatively lucky in this probable postwar copper-aluminum race. Canada's copper mines are not only low cost compared with those in the United States, but they have been selling their output at a relatively low price, a price which is still well below the cost of aluminum. However, successive price reductions have been made in the cost of aluminum and these may be continued.

Much new copper capacity being harnessed in the United States is high cost and would ordinarily be regarded as sub-marginal. Competition of this type of production won't have to be feared by Canadian producers after the war.

Consumer Backlog to Help

The struggle between copper and aluminum may not start immediately peace comes. Here's why. Civilian metal consumption is now being cut to the bone. People are being asked to turn in their aluminum pots and pans. Car production is being cut off.

When the war is over, a tremendous backlog of deferred consumption is going to come into play. Conceivably, even the huge metal productive capacity being built up might be fully utilized for a time in catching up on civilian requirements.

This anticipated backlog demand will have an important place in bringing the transition from war to peace as far as metals are concerned. It will give the all-important time to allow research work to be carried out on the problem of finding additional uses for copper—and for aluminum.

Magnesium Versus Aluminum

If aluminum is about to become a competitor of copper, magnesium appears likely to become a competitor of aluminum.

In the past, it was not used in large quantities because little of it was available. Brine was the only source being tapped in the United States. Germany has used large quantities of magnesium, however, and Canadian and American scientists have developed new processes for turning out magnesium from ores. Research is being continued and magnesium may yet become a plentiful metal.

Canada has at least four deposits which are regarded as suitable for turning out ore to be used in the recovery of magnesium. This country may yet be an important factor in turning out magnesium as it is already turning out both aluminum and copper.

Nickel seems likely to maintain its strategic position in the struggle of metals after the war. Emergency has brought the unusual situation of Inco engineers searching for substitutes for nickel as part of their contribution to the war effort. This may bring use of some alternative metals after the war but nickel is expected to retain its outstanding position in the alloy field. New uses are being developed through the war and no doubt new peacetime uses are already being suggested.

International Nickel Co. and Falconbridge Nickel Co. will remain the dominating factors in the nickel picture after the war. Development of alloys is being continuously expanded and nickel, as one of the important alloying elements, may enjoy a relatively greater demand after the war.

Zinc No "Neutral"

Nickel may be a "neutral" in the postwar metal "battle" but zinc certainly won't be. Like copper, more and more zinc has been required for the manufacture of shell brass. Increased zinc capacity has had to be established to supply requirements. The road of higher metal prices has been sought in the United States to secure increased supplies. At the outbreak of war, zinc was selling at around three cents a pound. Canadian producers contracted to supply the United Kingdom with metal at that price. Today the current price for zinc in the United States is 6.5 cents a pound (equivalent to 7.15 cents in Canada) and the United States is willing to pay 9.25 cents a pound in United States funds for increased domestic production.

Smelting capacity has been the bottleneck in producing zinc and the United States has built new smelters to meet this situation. Canada is undertaking to turn out more zinc concentrates, existing zinc refining capacity has been enlarged, but no new smelters have been established. With Canadian producers among the lowest cost in the world—and the present price received relatively low—postwar adjustment is not expected to be much of a problem for this country's two large refined zinc producers — Consolidated Smelters and Hudson Bay Mining and Smelting Co.

Zinc is ordinarily the cheapest of the common non-ferrous metals. This tends to prevent other metals being substituted for it. In peacetime galvanizing takes about 44% of the zinc turned out while a large amount is used in brass.

Lead Capacity Little Changed

A key metal in World War I, lead, has not been so important in World War II. As other metals have become unavailable, however, the tendency has been for lead to take their place. Little additional lead producing capacity has been constructed and only recently has a shortage of this metal developed. Unless the continuation of the war brings a sharp change, lead producing capacity at the end of the war may not be far different from that at the start. If lead holds its present uses, the problem of readjustment will not be difficult. Capacity normally has been excessive, but output in peacetime has been adjusted to market needs.

Is aluminum going to be used in many new ways after the war? Tremendous capacity is being built up in the aluminum industry and new outlets will naturally be sought. What will aluminum's advance mean to copper?

Canada's copper mines are low cost and not as likely to be affected as the high cost producers brought into operation recently in the United States under the stimulus of a higher copper price.

Will These Uses of Metal Shift in Post-war World?

ALUMINUM
Uses:
- Aircraft
- Kitchen utensils
- Elec. appliances
- Metal working
- Power lines
- Construction
- Chemicals

COPPER
Uses:
- Elec. equipment
- Telephones
- Power lines
- Ammunition
- Automobiles
- Building
- Radios
- Rods, wires

LEAD
Uses:
- Storage batteries
- Cable coverings
- Building
- White lead (paint)
- Red lead
- Ammunition
- Gasoline

MAGNESIUM
Uses:
- Structural products
- Aluminum alloys
- Scavenger and deoxidizer
- Pyrotechnics
- Chemicals
- Aircraft
- Automobiles

NICKEL
Uses:
- Alloy steels
- Castings
- Non-ferrous products
- Stainless steels
- Magnets
- Automobiles
- Airplanes
- Machine tools
- Chemicals

ZINC
Uses:
- Galvanizing
- Ammunition
- Glass jar tops
- Batteries
- Automobiles
- Zinc oxide

Mining Concentrates

Bayonne Consolidated will pay a dividend of 1 cent a share on Jan. 30, 1942, to shareholders of record Jan. 15.

* * *

Cascades Mica Prospecting Syndicate has been formed to acquire a property known as the Comet mine, near Wilson's Corners, Quebec, and a second property in Thorne twp., Que., which are to be developed for their possible mica production. Open cut mining will be the method used for development. A company is to be formed later to take over the syndicate.

* * *

Consolidated Smelters has a crew of 15 men working at the Phillips tungsten property near Minto, B.C., it is reported. Surface showings are being worked with shipments being made. It is now reported that a tunnel being driven at 100 ft. depth has encountered tungsten deposits. This tunnel is now in more than 150 ft.

* * *

Moneta Porcupine Mines reports net profit of $100,091 equal to 3.9 cents a share for the three months ended Dec. 31, 1941, compared with $111,024 or 4.4 cents a share the preceding three months. Output of $279,382 in the three months ended Dec. 31, 1941, was secured from 14,067 tons of ore milled for an average recovery of $19.86 per ton. This compares with $306,391 from 15,454 tons of ore and average recovery of $19.82 per ton the preceding three months. Moneta is sharing in Dominion Magnesium Co., which will construct and operate a plant at Renfrew, Ont., for production of magnesium. Capacity is to be about 10 tons daily, involving the handling of 200 tons of ore a day.

* * *

Proprietary Mines has declared a dividend of 5 cents a share payable Feb. 28, 1942, to shareholders of record Feb. 14. This follows payment by Kerr-Addison Gold Mines of a similar amount. Proprietary, with its large Kerr-Addison shareholding, is passing along dividends similar to Kerr-Addison distributions to its shareholders. Previous Proprietary dividends have been an initial dividend of 20 cents a share on Nov. 5, 1941, and 8 cents a share on Dec. 30.

* * *

Preston East Dome Mines is temporarily without a president following resignation of D. G. H. Wright, who remains as a director. It is not expected the vacancy will be filled until the next annual meeting. December production was considerably higher:

1941:	Tons milled	Tons daily	Recov. per ton $	Total recov. $
December	17,584	567	12.98	228,292
November	16,130	538	13.12	211,698

* * *

Red Eagle Mercury property operations, on the Yalakom, four miles from Moha, Cariboo district, B. C. are stated to have resulted in shipment of two 78-pound flasks of mercury within the past two months. A small retort plant has been installed with a view to permitting the operation to pay for its own development. Requiring only two men to operate it, the plant has produced three flasks of mercury since it was installed. Work is planned throughout the winter.

* * *

Reno Gold Mines is stated to retain net current assets at approximately $400,000. Operations were discontinued at the company's Reno Mine in the Sheep Creek area in December, after extensive exploration, including diamond drilling in the Fawn Basin area failed to disclose further ore bodies. A 40% interest is also held in operating profits realized by Central Zeballos Gold Mines. A meeting of shareholders will be called late this month, it is understood, to consider the company's future policy. At the last meeting, some shareholders advocated voluntary liquidation and distribution of assets and a resolution was passed asking directors to consider this course. Others favored seeking a new mining property.

* * *

Sladen Malartic Mines operating profit showed a sharp rise to $70,503 the fourth quarter of 1941 from $47,309 the preceding three months and $33,701 the second quarter of the year. Chief reasons for the improvement in the fourth quarter were treatment of a better average grade of ore and milling of a somewhat greater tonnage. Total recovery in the fourth quarter was $245,960 from 65,280 tons of ore for an average recovery of $3.77 a ton compared with $211,940 from 64,506 tons of ore, an average of $3,29 a ton, the preceding three months. Net current assets as at Dec. 31, 1941, show an increase to $254,476. Preparatory work for sinking No. 2 shaft below the 950-ft. level has been connected from 950 to the 725-ft. level by a pilot raise.

Senator Planning To Deepen Shaft

Expect Work to be Under Way Late in February — Showing Profit

Preparations for sinking the shaft from 875 to 1,500 ft. at Senator-Rouyn are under way with actual sinking operations expected to start late in February. Shaft sinking will give five new levels for work and will require approximately six months to complete.

Exploration on present levels below the 500-ft. horizon has shown smaller ore widths with improved grade on the 625-ft. level where the following ore lengths have been opened up going east from the shaft:

Length: ft.	Average width ft.	Grade Uncut oz.	Grade Cut oz.
110	7.7	0.382	0.322
45	6.7	0.279	....
90	9.3	0.449	0.436
40	11.0	0.354	....
60	16.0	0.162	....
345 (total) ..	8.5	0.362	....

The face to the east is open with a length of 100 ft. of ore-making structure, giving a possible tonnage of upwards of 300 tons per vertical foot. The 750-ft. level will show an increase in tonnage per foot with a decrease in grade, it is believed.

Drifting east has been carried 150 ft. on the 875-ft. level with 50 ft. remaining to be traversed before the ore structure is reached.

Opening up of the 125-ft. level has been carried out from a raise.

Reserves Lower

At the first of 1941, the mine had 200,000 tons of ore grading 0.265 oz. outlined to the 500-ft. horizon. Proved ore at the end of 1941 was something over 160,000 tons of 0.26 oz. grade to the 750-ft. horizon. With development of the 875-ft. level, the company may have two years' ore for milling at the current production rate.

Operating profits for 1941 is understood to have been close to $240,000 ($227,992 for the first 11 months). After allowing for depreciation, taxes and pre-development expense, net profit was around $115,000 or 3 cents a share.

Operating profits have resulted in a substantial improvement in the company's liquid position and $125,000 of outstanding notes may be redeemed this year.

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Highlights from the

95th Annual Report

of Canada's Oldest Life Assurance Company

"We believe that a life insurance company cannot stand on the sidelines in this supreme struggle".

During 1941, the Canada Life purchased $24,200,000 of government war and defense bonds. This amount is greater than the entire renewal premium income of the Company for the year.

- New paid-for life insurance placed with the Company in 1941 showed an increase of 23 per cent. over the comparable figure for the previous year.
- In addition, an increased volume of annuity business was completed during the year.
- Life insurance in force at the end of 1941 amounted to $815,470,716, an increase of almost $10,000,000 over the previous year. This figure does not include annuity business, which has also shown a substantial increase. To ensure payment of these contracts, the Company has assets of $284,617,288, which, combined with future premium payments, will be ample to meet the obligations involved as they fall due.
- Lapses and surrenders—policies which are discontinued before they mature—were at the lowest level in 17 years.
- In the last ten years, only twice has mortality experience been more favourable.
- Payments to policyholders and beneficiaries during the year amounted to $22,956,250—an average of $75,514 each working day.
- The security of policyholders has again been strengthened by a further increase in surplus.
- The rate of interest earned by the Company in 1941 was 4.21 per cent.

The Canada Life
Assurance Company

Wartime Controls Hit Paper Trade

Organization Co-ordinates Industry for Fullest Effort

Few people with knowledge of the newsprint and pulp and paper industries in Canada even a couple of years ago would have been far-sighted enough to suggest that this industry would have been faced with a shortage of productive capacity.

Few indeed who remembered the industry's unhappy history of excess capacity, with its attendant price wars and harsh competition, would have suspected that it would have to adopt a kind of priorities system to divide its output among its customers.

But the war has, in fact, brought just such a condition. Moreover, it threatens to carry the current condition of short supply to much more severe restrictions.

In Canada, the industry operates under the direction of a co-ordinator and a group of administrators.

Allocation Used

In the United States, from which the Canadian industry cannot remain long separated, the Office of Production Management has stepped in to compel allocation of certain pulp and paper products.

Quite recently the OPM took a unique step when it ordered the entire sulphite pulp producing industry in the United States to meet the needs of the customers of three producers whose production had been allocated to the war effort. Users of sulphite pulps formerly supplied by Brown Co., Berlin, N.H., Rayonier Inc., and Eastern Corp. are now to get their supplies from companies that formerly competed with these three producers. New York reports point out that this is the first case of such action involving an entire industry.

Produce for War

The three firms in question together produce about 500,000 tons of sulphite pulp annually and a great deal of their output is now going to war purposes. Customers of these producers could not find other sources of supply because market conditions were completely covered by existing contracts. No immediate way could be found of increasing the supply by domestic production or by imports.

By this action OPM protects the domestic business of the three firms designated as government producers. A fixed amount of pulp—4,200 tons for January—is to be set aside by the rest of the industry for sale to the three government producers at prices no higher than those established by the OPM and turned over to their regular domestic customers without profit or markup.

OPM a short time ago issued a strong warning against building of excessive inventories by paper users.

Another recent action taken by Donald Nelson as Director of Priorities affects cellulose by banning the use of Cellophane or other transparent materials derived from cellulose for packaging a wide list of goods. Defense orders are exempted as are a number of cases of perishable goods. The order in general closely resembles in its effect one previously made in Canada restricting use of Cellophane and transparent wrapping materials.

Canadian Co-ordinators

In Canada the whole pulp and paper industry is working now under controls and priorities which are in some cases specific and in others the result of voluntary allocation of supply.

Under the Wartime Prices and Trade Board there is appointed a whole set of administrators for the pulp and paper industry, acting under a Co-ordinator. Indicative of the sweeping control over the industry made possible by Canada's WPTB setup is the list of co-ordinators and administrators now made available. All of these have their offices in Montreal.

W. H. HOWARD, K.C., co-ordinator; C. M. MOISAN, deputy co-ordinator.

Administrators:

A. T. JEWETT, book and writing papers.
C. H. BROWNE, building paper, etc.
N. E. WAINWRIGHT, converted paper products.
C. V. HODDER, folding and set-up boxes.
G. M. SMITH, newsprint.
W. H. O'REILLY, paperboard.
F. C. HAYES, shipping cases.
F. M. HULBIG, wallpaper.
C. M. MATHESON, wood pulp.
S. H. SMITH, wrapping paper.

The policy of the WPTB has been to select representatives of industry and business, ordinarily nominated by the industry itself, who act under authority of the board in the execution of its policy. For major industries, such as pulp and paper, a co-ordinator is appointed to direct the work of the specialized administrators for individual industrial branches.

A pulpwood controller has been appointed to work as an assistant to the timber controller.

Materials Regulated

Already the industry has felt the hand of controllers who work under the Department of Munitions and Supply.

Douglas Lorimer, Chemical Controller, has required the industry to cut down on its use of chlorine, a product which is ordinarily one of the most abundant but which in wartime is subject to unusual demands. In order that Canada can turn out smoke bombs and flares, as well as other important war materials, Canadians, and customers of the industry in other countries, will have to get used to a decidedly yellow, or brown tinge in much of their paper. Fine papers are chiefly affected.

A similar situation is apparent in the United States where chlorine also is scarce and the paper industry has to get along on 50% of its normal needs.

Numerous voluntary measures have also been taken by the industry itself to help in making its products go around—often at the suggestion of the Dominion government. An example is found in the fine paper field.

Cut Out Frills

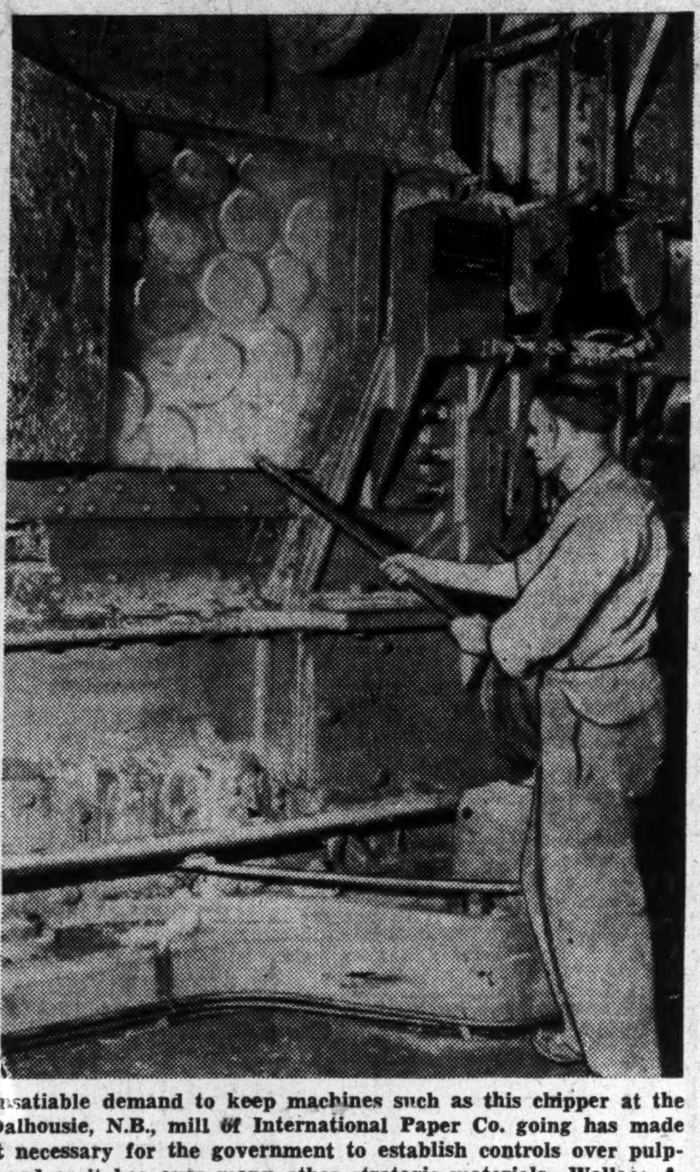
Fine paper makers have adopted a wartime policy of limiting colors and other specials to save machine time. They have reduced the number of base weights, sizes and colors in some lines to speed up and simplify production.

It is a stage in Canada's general programme for simplification and elimination of frills designed to save materials in many cases and in others to get greater output from existing productive facilities.

Then of course in Canada the whole industry is under our price and wage ceiling policy for its domestic sales. Recently newsprint producers announced a boost of $3 a ton in the export price for newsprint to apply for the second quarter of 1942. This applies only to sales in the United States or other export markets, however, and does not affect Canadian consumers. There have been complaints from Canadian pulp and paper industry spokesmen that U. S. buyers of pulpwood were able to get supplies in Canada by virtue of their ability to pay higher prices than could Canadian producers who are subject to price control.

Winning the war comes first in both countries today and winning the war requires tremendous quantities of paper and paper products. An estimate made by the assistant secretary of the National Paper Trade Association in the United States explains why there is an actual, or threatened paper shortage. He finds that each $5 billions of national defense business which the U. S. government places requires a million tons of paper in all of its various phases. A $60 billions war programme thus requires six million tons of paper.

Government Helps Keep It Full



Insatiable demand to keep machines such as this chipper at the Dalhousie, N.B., mill of International Paper Co. going has made it necessary for the government to establish controls over pulpwood as it has over many other strategic materials. Wallace A. Delahey has been appointed assistant timber controller in charge of pulpwood.

Newsprint Industry Stable in 1941

Last year's record in newsprint production, shipments, stocks on hand and production ratios for Canada, the United States and Newfoundland compared with previous years is shown in the figures below, prepared by the Newsprint Association of Canada.

NEWSPRINT BALANCE SHEET
(Thousands of Tons)

	Production 1941	Production 1940	Production 1939	Shipments 1941	Shipments 1940	Shipments 1939
Canada	3,426	3,419	2,969	3,455	3,436	2,861
Newfoundland	345	351	305	347	368	264
U. S. A.	1,015	1,013	939	1,021	1,013	945

NEWSPRINT SHIPMENTS
From Canadian Mills To

	Canada Tons	U.S. Tons	Overseas Tons
1941	196,766	2,770,002	487,897
1940	183,894	2,594,452	657,588
1939	189,482	2,194,126	477,594
1938	159,197	1,881,020	475,779
1937	219,553	2,909,360	525,756

From Newfoundland Mills To

	United States Tons	Overseas Tons
1941	217,233	128,993
1940	146,911	220,263
1939	87,334	175,557
1938	59,283	204,450
1937	135,371	241,177

Canadian Production and Shipment Ratios
(% of Capacity)

	Production	Shipments
1941	78.9	79.6
1940	78.3	78.7
1939	66.8	66.6
1938	62.4	59.8
1937	93.9	94.1

NEWSPRINT STOCKS
(Year-End Totals in Tons)

	1941	1940	1939	1938	1937
All U.S. publishers	*521,508	465,733	423,473	409,929	832,535
Can. mfrs.	*123,571	152,371	169,502	161,438	52,854
All N.A. mfrs.	*200,757	237,594	270,964	226,764	110,626
Total N.A. stocks	*722,265	703,327	694,437	636,693	943,161

* Preliminary.

SOURCES OF U.S. SUPPLY

	1941 %	1940 %	1939 %	1938 %	1937 %
Canada	70	69	62	63	68
Newfoundland	5	4	2	2	3
United States	25	26	27	27	22
Europe	..	1	9	8	7

U. S. Paper Mills At 97.4% Rate

American Paper & Pulp Association reports that mills reporting to it operated at 97.4% of capacity for 1941. This is considerably above any other recent year and compares with 85.6% for 1940 and 83.4% for 1939. These figures do not include mills reporting to the National Paperboard Association, except in isolated cases where both paper and paperboard are produced and separate tonnage figures are not readily available. It does not include mills producing newsprint exclusively.

December last year showed an operating ratio of 100.7 and the first week of 1942 one of 102.8.

Producers of paperboard in the United States in 1941 operated at 88% of capacity as a yearly average, with December figures showing 93%. In 1940, the yearly average was 73% and in 1939 70% of capacity.

U. S. Paperboard Faces Shortage

While the paperboard industry in the United States produced about 900,000 tons more paperboard in the first 11 months of 1941 than in the corresponding period of 1940, its stocks of waste paper—its chief raw material—are far below levels of a year ago. There has been a particularly sharp decline since last July when waste paper stocks at plants reached a total of 272,317 tons. By the end of November, they had declined to 167,424 tons.

The paperboard industry in the U. S. operated at 100% of rated capacity in November last year. This compares with 101.9% in October and 77.4% in Nov., 1940.

Aluminum Co. Employs 13,000 in Saguenay

Aluminum Co. of Canada announces that 13,061 men and women are working in its plants, construction yards and offices in the Saguenay region of Quebec. The announcement stated that 5,270 persons are working on aluminum production and 9,141 in the construction yards at Arvida, Chute a Caron and Shipshaw.

NEW CHIEF

O. P. Stensrud has been elected a director and appointed president and general manager of Trenton Steel Works Ltd., Trenton Industries Ltd., Eastern Car Co., Ltd., all of Trenton, N.S. He was formerly general manager of steel sales for Dominion Steel and Coal Corp. Ltd.

Rolland Paper Clears Dividend Details

Rolland Paper Co. announces that the 15 cents a share dividend on its common stock, payable Feb. 13, should in reality be considered a year-end bonus to bring total 1941 payments to 75 cents a share, the same amount as paid in 1940. The dividend of the same amount which is payable Feb. 14 is the first quarterly payment for 1942.

The company has been paying at an annual rate of 60 cents a share for the past three years, plus 15 cents a share for 1940 and 1941.

W. Fraser Hadley Joins Inter. Hydro Board

Lt.-Col. W. Fraser Hadley, Hull, Que. has been elected a director of International Hydro-Electric System, according to Irwin L. Moore, president of International Hydro.

City Finances Show Gain

Lethbridge Cuts Relief Costs to Lowest Since 1931

J. T. Watson, City Manager of the City of Lethbridge, Alta., in reporting of the city's affairs for 1941 states that the cost of relief to the city will be approximately 37½% below that of 1940. Estimated at $44,000, the 1941 total will be the lowest gross expenditure since 1931. The cost to the city will be approximately $36,935 against $59,011 in 1940.

During the year debentures totalling $808,500 matured and were paid on due date. As a result of the steady reduction in debt, the total charges for debt service which amounted to $232,560 in 1940 were reduced to $220,971 in 1941, and according to the estimate, will total $182,180 in 1942.

The sale of lands held for taxes resulted in the transfer of 113 parcels during 1941. Most of this was vacant, and reflected the increasing amount of building going on in the city. Contracts during the year totalled $463,670, the largest item being for the construction of single residences.

Tax collections in the city of Lethbridge showed an improvement to the end of November, current collections amounting to 80.46% of the current levy as against 77.99% for the corresponding period of 1940. The reduction of the amount of arrears of taxes collected during the year brings the estimated total collection to 103.06% of the current levy, somewhat lower than the 1940 figures of 105.80%.

Montreal Power Notes Okayed

Quebec Board Grants Authority — Expect Exchange Two Thirds

Montreal Light, Heat and Power Consolidated has been granted authority by the Quebec Public Service Board to issue $14.9 millions of first mortgage and collateral trust 20-year 3½% bonds in exchange for the existing 3% convertible notes, due 1949. The new bonds are to be callable after 1946 at a steady decreasing premium.

Indications are that about two-thirds principal amount of the existing 3% notes or about $10 millions, will be exchanged for the new 3½% first mortgage bonds.

The company's offer provides that so long as 50% of the holders of notes have deposited their securities for exchange by Feb. 2, the company shall be bound to carry out the exchange. If the required 50% has not been deposited by that date the company may, if it wishes, decline to accept the notes for exchange.

If the $10 millions estimate for the amount to be exchanged proves correct, it would leave approximately $5 millions of the 3% notes to mature in 1949 unless other arrangements are made for them in the meantime.

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This message is issued by the Department of Munitions and Supply for Canada

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